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### ***Employees' Resources and Social Rights in Europe***

***RESORE***

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# **EU RESEARCH ON SOCIAL SCIENCES AND HUMANITIES**

## **Employees' Resources and Social Rights in Europe**

### **RESORE**

#### **Final report**

HPSE-CT-2002-00104

**Funded under the Key Action  
'Improving the Socio-economic Knowledge Base' of FP5**

**DG Research  
European Commission**

Issued in  
N/A

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Cataloguing data can be found at the end of this publication.

Luxembourg: Office for Official Publications of the European Communities, 2007

ISBN 978-92-79-08220-7

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*Printed in Belgium*

PRINTED ON WHITE CHLORINE-FREE PAPER

## Preface

Within the Fifth Community RTD Framework Programme of the European Union (1998–2002), the Key Action 'Improving the Socio-economic Knowledge Base' had broad and ambitious objectives, namely: to improve our understanding of the structural changes taking place in European society, to identify ways of managing these changes and to promote the active involvement of European citizens in shaping their own futures. A further important aim was to mobilise the research communities in the social sciences and humanities at the European level and to provide scientific support to policies at various levels, with particular attention to EU policy fields.

This Key Action had a total budget of EUR 155 million and was implemented through three Calls for proposals. As a result, 185 projects involving more than 1 600 research teams from 38 countries have been selected for funding and have started their research between 1999 and 2002.

Most of these projects are now finalised and results are systematically published in the form of a Final Report.

The calls have addressed different but interrelated research themes which have contributed to the objectives outlined above. These themes can be grouped under a certain number of areas of policy relevance, each of which are addressed by a significant number of projects from a variety of perspectives.

These areas are the following:

- ***Societal trends and structural change***

16 projects, total investment of EUR 14.6 million, 164 teams

- ***Quality of life of European citizens***

5 projects, total investment of EUR 6.4 million, 36 teams

- ***European socio-economic models and challenges***

9 projects, total investment of EUR 9.3 million, 91 teams

- ***Social cohesion, migration and welfare***

30 projects, total investment of EUR 28 million, 249 teams

- ***Employment and changes in work***

18 projects, total investment of EUR 17.5 million, 149 teams

- ***Gender, participation and quality of life***

13 projects, total investment of EUR 12.3 million, 97 teams

- ***Dynamics of knowledge, generation and use***

8 projects, total investment of EUR 6.1 million, 77 teams

- ***Education, training and new forms of learning***

14 projects, total investment of EUR 12.9 million, 105 teams

- ***Economic development and dynamics***

22 projects, total investment of EUR 15.3 million, 134 teams

- ***Governance, democracy and citizenship***

28 projects; total investment of EUR 25.5 million, 233 teams

- ***Challenges from European enlargement***

13 projects, total investment of EUR 12.8 million, 116 teams

- ***Infrastructures to build the European research area***

9 projects, total investment of EUR 15.4 million, 74 teams

This publication contains the final report of the project 'Employees' Resources and Social Rights in Europe', whose work has primarily contributed to the area 'The challenge of socio-economic development models for Europe'.

The report contains information about the main scientific findings of RESORE and their policy implications. The research was carried out by nine teams over a period of 36 months, starting in December 2002.

The abstract and executive summary presented in this edition offer the reader an overview of the main scientific and policy conclusions, before the main body of the research provided in the other chapters of this report.

As the results of the projects financed under the Key Action become available to the scientific and policy communities, Priority 7 'Citizens and Governance in a knowledge based society' of the Sixth Framework Programme is building on the progress already made and aims at making a further contribution to the development of a European Research Area in the social sciences and the humanities.

I hope readers find the information in this publication both interesting and useful as well as clear evidence of the importance attached by the European Union to fostering research in the field of social sciences and the humanities.

J.-M. BAER,

Director

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## **Acknowledgments**

The writing of the present report was coordinated by Bernadette Clasquin with the help of partners and researchers having participated to the RESORE collective research process. All partners responsible have been involved in the synthetic redaction of parts of the document according to their research tasks responsibilities, with the particular intervention of Margarida Ruivo (Pt), Joan Miquel Verd Pericas (Sp), Corinne Gobin (Be), Nathalie Moncel (Fr) and the special help of Bernard Friot and Virginie Vathelet from the coordination team.

Merle SHORE brought her precious help to make possible the communication of this report towards an English reading public.

Frédérique BEY created and manages the RESORE website, and collaborated to the newsletters and conference organisation.

We take this opportunity to thank all assistants and responsables from each partner organisation who helped to manage the project at a steering, administrative and financial level. Special thanks to the EST Delegation of CNRS whose kind help was of crucial importance for Virginie Vathelet, the administrative and financial coordinator.

Many thanks also to our scientific and financial officers from General Directorate Research from the European Commission, especially to Fadila Boughanemi and Silvia Durmeier who supervised successively the project course.

## **Abstract**

Are pension reforms and labour market policies symptomatic of a crisis of the institutional forms of capitalism constructed historically in each country? Do they reflect mutations of the salariat? These are two of the key questions among the issues raised by the RESORE project in approaching its research from the particular angle of changes in workers' resources. RESORE brings to the fore the dynamic relation between employment, the wage and social rights. The primary objective of the research project was to test the validity of an original multidisciplinary conceptual framework for the analysis of the processes of construction/transformation of workers' social rights in the fields of pension reform and the emergence of the subsidized employee in European countries.

The research strategy was based on an approach to international comparisons that takes account of societal configurations in their relation to European construction. The study of national documentary sources was taken as the starting point for the comparison between policies subsidising employment or aiming at pension reforms in eight EU member states (Austria, France, Germany, Italy, the Netherlands, Portugal, Spain and the U.K.). In addition, available statistical sources were used in order to assess to the extent possible the resource flows and populations concerned. Finally, the articulation between national and Community levels for our two research fields was investigated through a study of the actors and their discourses, using official documents and over 60 interviews conducted with union organisations and national civil servants sitting on European committees on employment and pensions in the framework of the Open Method of Coordination.

Resore has made it possible to produce several kinds of results: theoretical advances, namely the instituted economic processes approach on rights over resources and the resource regime approach; critique and suggestions for improvement of harmonised data bases on pension and employment resources and population concerned, a glossary of the European discourse on employment and pension reform; an analysis of common trends and specificities in pension reforms and labour market and fiscal policies in the network countries; these outcomes are the most salient. Dissemination actions, main deliverables and researchers collective and individual publications are available on the Resore website.

The institution of the wage is the starting point for the two theoretical approaches. However, they diverge fundamentally as regards the conception of work: the resource regime approach includes situations that the instituted process approach does not view

as the monetary recognition of work but as rights associated with wage-based economies. On one hand, social rights are considered as a form of institutionalisation of property rights; on the other, they are seen as the result of wage conflicts concerning the employment relation: they are the expression of the monetary attribution of value to work according to varying degrees of subordination to the capitalist monetary constraints. Control over the monetary valorisation of work is thus an essential issue in this conflict.

Research perspectives and policy implications are thus very different: the rights over resources approach is directed at the examination of transformations in the reproduction of labour over the entire life cycle, whereas the resources regime approach paves the way for an in-depth analysis of the social value of money and argues the need for democratising monetary creation at both national and European levels.

## **I. EXECUTIVE SUMMARY**

Are pension reforms and labour market policies symptomatic of a crisis of the institutional forms of capitalism constructed historically in each country? Do they, when considered from the point of view of transformations of the wage, reflect mutations of the salariat? These are two of the key questions among the issues raised by the RESORE project in approaching its research from the particular angle of changes in workers' resources. RESORE brings to the fore the dynamic relation between employment, the wage and social rights. The primary objective of the research project was to test the validity of an original multidisciplinary conceptual framework for the analysis of the processes of construction/transformation of workers' social rights, mainly in the fields of pension reform and the emergence of the subsidized employee in European countries.

However, Research at European level is never a simple matter for the social sciences. Besides disciplinary divisions, the encounter between different world views that will sometimes come into conflict is part and parcel of the experience of forming a research collective. The process of objectivation that any research project must accomplish will be marked by the fact that the research teams and their members are rooted in social realities that have been historically constructed within national frameworks. There are two consequences to this: on the one hand, empirical constructions and the theoretical outcome of the objectivation process will be marked by the diversity of individual and social subjectivities (scientific itinerary and schools of thought, national or partly international academic debates...). On the other hand, the policy implications to be drawn from the research will also be marked by political debates at local, national or European level that the researchers themselves are involved in.

Yet it was with much enthusiasm that some 30 researchers, belonging to nine teams from nine EU countries, undertook, during the 3 years of research for which funding was granted (December 2002 – December 2005), to examine the question of the transformation of employees' resources and their social rights. As will be seen, the point of view adopted here has nothing to do with management, or offering advice for the development of social policies. Rather, it follows the tradition of critical studies that do not hierarchise the disciplines - here of sociology, economy and political science - and consider the scientific undertaking as necessarily distancing itself, in our case, from the discourse of political actors, and policy makers of which the European research programme is a part. The reader must thus not expect to find a technocratic vision aiming at good practices or benchmarking. And while the project's primary ambition has been to contribute to fundamental research, the salient results summarised here have been freely interpreted from a perspective that is critical of current reforms.

## 1. The wage as starting point for the analysis: theoretical advances

The initial questions and the results produced offer a joint reading of employment and social protection reforms implemented in a sample of countries over the last three decades, under the constraints of European construction that have been produced and accepted by the national governments<sup>1</sup>. This reading was based on the result of extensive empirical studies of policies subsidising employment and pension reforms.

Our chosen point of entry for this analysis is the complex institution of the wage. On the one hand, "the wage is to be considered as a pivotal institution in economies and welfare states, a fulcrum or point of purchase, in the sense both of the locus of exchanges through which labour, goods and services are bought, and the locus of leverage where resources funding welfare regimes are obtained through taxation or insurance. It is a central channel through which resources flow" (Harvey and Maier, 2004, p.27). This first point of view led to the development of a particular theoretical current, the instituted economic processes or rights over resources approach. On the other hand, the total wage including direct pay and social protection is considered as the institution through which the confrontation between capital and labour is concentrated. This second point of view led to the development of a second theoretical framework, the resource regime approach<sup>2</sup>.

From an empirical point of view, the focus on pension reforms and subsidised employment was based on a two-fold hypothesis: first, that work producing wealth is not limited to work recognised in employment, or through the generally accepted meaning of the notion of activity and there are thus forms of production of wealth that are not socially recognised by employment (which is in agreement with innumerable gender studies). Are these forms still recognised by employment-based and citizenship-based social rights? Second, if the wage is the channel for social protection resources, how is this institution being transformed? What are the consequences for the status of the worker and his or her capacity as citizen to participate in the construction of democracy? The reasoning, thus, from the start, was based on a dynamic approach: the research focused on the meaning of the changes currently taking place, as opposed to approaches of a more static nature (societal analysis, typology of welfare systems) or more directly prescriptive (transitional markets, capabilities, social policy or welfare studies).

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<sup>1</sup> The North European countries are not systematically included in our samples. This is one of the limitations of the present work and one of its necessary later developments.

<sup>2</sup> For a comprehensive understanding of both starting points see Harvey M. and Maier R., 'Rights over Resources' and Friot B., 'Resources Regime Reform and Worker Status' in Clasquin B. *et alii* (eds), (2004): *Wage and Welfare; New perspectives on Employment and Social Rights in Europe*, Brussels, P.I.E.-Peter Lang.

Furthermore, the processes studied are not taken out of the social context: the emphasis on actors signifies that it is the relations between groups of actors that are the driving force behind the changes; but this does not mean that these relations are independent of structures or “instituted processes”. Finally, European construction introduces new constraints that interact with national spheres of competence and influence the transformation of workers’ resources.

This is why our research strategy was based on an approach to international comparisons that takes account of societal configurations in their relation to European construction. The study of national documentary sources was taken as the starting point for the comparison between policies subsidising employment or pension reforms in eight EU member states (Austria, Denmark, France, Germany, Italy, the Netherlands, Portugal, Spain and the U.K.). In addition, available statistical sources were used in order to assess to the extent possible the resource flows and populations concerned. Finally, the articulation between national and Community levels for our two research fields was investigated through a study of the actors and their discourses, using over 60 interviews conducted with union organisations and national civil servants sitting on European committees responsible for preparing policies on employment and pensions in the framework of the Open Method of Coordination (*‘passeurs’*).

### **1.1. Rights over resources, at the junction of instituted economic processes<sup>3</sup>**

**The instituted economic process approach** to rights over resources proposes to replace the study of the market by a study of the economic organization of exchanges. The economic organisation of exchange appears as a construction within which economic power is exercised between different social groups (workers, consumers, tax-payers, share-holders, etc.); the process of differentiation between economic agents goes hand in hand with the mutual dependency at the origin of processes of exchange, and a frequent asymmetry in the exercise of economic power. Furthermore, market exchange is dependent on non-market exchange and the organizational forms of non-market exchanges entail, like the others, reciprocal transfers of *property rights*, which permit to approach them through the same analytical framework and to provide a different perspective on forms of economic growth. This line of reasoning places the labour market and social protection at the intersection of different processes of market and non-market economic exchanges, which are historically instituted, interdependent, and differ from

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<sup>3</sup> For a complete view of this approach, see Harvey, M., “Theoretical Perspectives and First Empirical Results”, September 2004, available on the RESORE website.



country to country. Their joint analysis contributes to the characterisation of forms of capitalist political economy and permits to differentiate between them. The wage is seen as a central institution through which multiple exchanges closely dependent on non-market processes are produced.

In summary, this approach provides an understanding of instituted processes in terms of crisis, with its causes and variations. Some of its salient features are the following:

- Institutional forms of economic exchange construct capitalism and their crisis threatens the system: variations in these institutional forms serve to differentiate between forms of capitalism.
- Social rights are extensive, indeed collective, forms of the institutionalisation of property rights; but there is no such thing as property without rules, and their maintenance over time.
- Rights to retirement and a pension are granted to workers who are considered as being outside of activity or employment; their link with the field of the wage is explained by the transfer of monetary resources: *"pension systems complement wage-based economies"*.
- Time is of capital importance since changes occur as historical processes and permit to understand transformations taking place in the interactions and dependencies between different forms of property rights.
- Money is considered as an economic mediator of new social relations.

The analysis of empirical data produced in the frame of the RESORE project permits to conclude that pension reforms and active labour market policies reveal a crisis affecting "fiscal" and social insurance institutions in contemporary Europe. The analysis of pension reforms and labour market policies in the different RESORE countries permits to shed light on transformations of the life course, the articulation between work and time out of work, employment and non-employment.

### **1.2. Resource regimes as the expression of the contradiction between the liberation and subordination of labour**

Taking as starting point the concept of the total wage derived from the study of the continental model of social protection, the resource regime approach examines three fundamental notions in a fresh light: *Work* is defined in a very broad sense here: work on nature, on others, on oneself... "Free" work (*travail libre*) is opposed here to subordinated

work, because its ends and means are defined by those concerned. *Money* is the fundamental institution for the valorisation of work and the *value* attributed to work by money enters into contradiction with the wealth produced by that work. This contradiction between wealth and value is inherent to money. It lies at the heart of social relations, and control over the monetary value of work thus becomes the issue at stake in a fundamental conflict over the liberation of work that will be expressed in the tightening or loosening of the *monetary constraint*. The dominant form of monetary constraint in our societies is the capitalist form. This form of monetary constraint subordinates work by imposing its submission to the ends and means imposed by the owners of capital.

The two fundamental questions for the definition of a resource regime are:

- To what kind of work is value attributed? How is it measured: are the criteria more or less abstract with respect to concrete work situations and more or less contributory?
- What kind of money expresses this value? Who defines it and manages the flow? What is this money allocated to (type of benefits)?

These questions permit to define the type of monetary constraint corresponding to a resource regime: for example, the monetary constraint is capitalist if only the work dedicated to capital sees its product evaluated in money, or if the money expressing the value attributed to free work sustains the accumulation of capital. The form of rights underpinning each resource regime can also be identified (labour law, employment rights, wage-related rights, for example) and the ideal type of the social group these define. The definitions of the types of workers concerned by each regime<sup>4</sup> and of the social group ideal type determined by the regime, include not only the active (employed or unemployed) but also retirees and invalids, given the high level of proximity between income from activity and pensions. Similarly, the self-employed and employees are treated in the same way, since this distinction has little relevance from the point of view of resource regimes.

Resource regimes can be roughly divided into regimes associated with subordinated work and a non-capitalist monetary constraint (the corporatist wage and its variant, the prefinanced wage); capitalist regimes that develop the three dimensions of the capitalist monetary constraint (deferred wage, bare wage, employee savings and tutelary

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<sup>4</sup> See the table of resource regimes in the final report and Friot, B., «Le salariat, pour une approche en termes de régimes de ressources», september 2005, available on the RESORE website.

allowance); and regimes that subvert the latter, are thus anticapitalist and develop new forms of monetary constraint (public service and the socialised wage).

## **2. Pension reform and the emergence of the subsidised employee**

### **2.1. Pension Reform: diversity, discourses and common trends**

The overall objective for this research task was to provide a schema for interpreting the major trends in pension reforms in Western Europe based on the particular dynamics at work. The most salient outcomes arose from the in-depth analysis of pension reforms in the network countries, from a lexicometric approach to EU and national corpus on this topic and from an analysis of the OMC orientations in the frame of the resources regime approach.

In summary, the comparison of national pension reforms<sup>5</sup> has shown that:

- Pension reforms are not just a neo-liberal process of deregulation: both extreme developments of liberalism and etatism take place in practice and in argumentations and their combination forms an important new space.
- Gender pension gaps: despite the fact the reforms pay explicit attention to gender questions, their overall effects are far from being positive for women.
- A general interpretation of pension reforms points out the link between pension policy and labour market policy. From the stand point of the instituted economic processes approach, all the various measures can be understood from a perspective of life course politics. The ongoing pension reforms do not really fit with the changing life courses of men and women, citizens and employees in Europe.

On the basis of an analysis of the argumentation followed in official EU documents, we suggest that a form of “European meta-thinking” has been constituted<sup>6</sup>. Six ‘myths’ were identified and discussed: States retain sovereign control over their social security system (1); the industrial world and the European states are facing a shortage of resources (2); it is necessary to restore a balance in the redistribution of wealth between capital and labour (or, as sub-proposal: a balance must be found between economic and social policies at EU level - the “Lisbon spirit”) (3); the ageing of the population, added to poor

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<sup>5</sup> For a complete view of the comparison, see Frericks, P., De Graaf, W., and Maier, R., “Configuration of Rights linked to Pension Reforms”, September 2005, available on the RESORE website.

<sup>6</sup> See Gobin, C., Verd Pericas, J. M., Castel, N., Higélé, J.-P., (2005) ‘Societal configurations and dynamic of societal logics. Actors, discourses and dynamics of reform in the bosom of the European Union’ November, available on the website.

growth, aggravates the shortage of resources, and therefore reinforces the ongoing need for wage and budgetary austerity (4); the three pillar system secures the future of a reformed social security system since it introduces a complementary dynamic between the three components (5); social security will also be saved by increasing employment rates, particularly among women and workers over 55 (6).

All the above promote the supremacy of the idea of the need for structural reform of pension systems. What remains open to debate are the practical modalities for implementing the reforms, but not the general guidelines proposed to the national governments, for the latter are viewed as stemming from constraints presented as “logical reactions”. The deconstruction of these six postulates shows that the new European political system is based on an increasing association between European and national political and administrative institutions; it gives rise to the collegial fabrication of a system of constraints that progressively bring about a radical but relatively homogenous change of regime in the member states observed. This is what is understood by “change in regime”: a change in resource regime, that is, a change in the political philosophy of government.

This “meta-thinking” was confronted to the general discourse on current pension reforms produced by union leaders; that permitted to approach the question of the consonance or dissonance between government and union thinking on reforms. It can be seen that certain postulates have been more easily integrated as truths than others. This points to the continued existence of a debate for the union leaders interviewed, not so much over the need for pension reforms as over the modalities of implementation or the general orientations. The interviews reveal a paradox arising from the conjunction of the generalised union conviction as to the necessity of structural reform with the current weakness in union production of general theories concerning the future of pensions and the social security system as well as of more specific proposals.

Thus, we were able to develop a second hypothesis: this philosophical change in system of reference would be reflected in a lexical change in system of reference permitting to deploy an argumentation on the necessity of reform through the use of key words or expressions. A glossary of the European *lexique* on pension reform was constituted<sup>7</sup>. The analysis revealed the extent of the reforms demanded at European level. All the political relations surrounding the State as a sovereign, democratic public authority, are being redefined as regards the relationship to collective resources. This is the result of EU

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<sup>7</sup> See Gobin, C., Castel, N., Cusso, R., Deroubaix, J. - C., Robert, M., Shirmann, M. (2005), ‘European discourses glossary on pension reforms and employment reforms’ December, available on the website.

pressure to implement structural reforms of the State *that must be articulated with each other* in order to “exponentialise” their effects. As a result, the general political autonomy of states is reduced, to the benefit of the private central European bank system, and of companies (the “main catalyser” in creation of wealth through the expansion of employment).

From the standpoint of the resource regime approach, pensions are, above all, a monetary institution<sup>8</sup>. The open method of coordination (OMC) on pensions and the national reforms develop the following five key proposals:

*Raising the employment rate of the over-55 age group and the retirement age:* this first dimension of reform fits in with such phrases as “the active finance the inactive”, or “pensions are taken from a value produced by workers”. To counter these common mistakes, it should be noted that: first, nobody produces value, value is a social convention represented by money; second, all labour produces goods or services that are usually useful (wealth), and pensioners work and produce wealth that is added to the wealth produced by employees; third, pensions represent the value attributed to the work of retired people. One generation never finances another and thus the question of the “fairness between generations” is meaningless. Financing pensions is first and foremost a political question. The form of money involved in pensions is decisive. Pensions paid by money according to the capitalist monetary constraint do not subvert the subordination of labour, whereas pensions paid by money subverting the capitalist monetary constraint do. A review of the pension forms existing in Europe permits to distinguish between forms that maintain capitalist subordination (the deferred wage, old-age savings and the tutelary allowance) and forms that subvert it (the public service pension and the socialized wage pension).

The freezing of the public service pension (PSP) and the socialized wage pension (SWP), as in the proposal to *reduce the share of first pillar PAYG public pension*. The PSP is a universal flat-rate pension with a higher level than the tutelary allowance. This kind of pension is rare in the EU (Denmark, and the Netherlands). The SWP is the most widespread pension scheme and provides benefits that are proportional to the length of the insurance career but are not strictly contributory. Both forms subvert capitalist subordination with regard to its three conditions. Firstly, unlike actuarial neutrality, they are non-contributory (PSP) or only slightly contributory (SWP). Secondly, they avoid financial accumulation and profit-making property rights to a greater or lesser extent.

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<sup>8</sup> For a more detailed analysis, see Friot, B., (2005) ‘Les réformes des retraites en Europe/ Une lecture selon les formes de pensions’, september, available on the RESORE website.

Thirdly, in opposition to the invalidation of the labouring poor, they are based on positive attributes: citizenship (PSP) or qualification (SWP). Designating SWP and PSP as “public pensions” amounts to freezing them in terms of the new equation: public = first pillar = basic. Public service or socialized wage pensions no longer provide general national insurance benefits but are reduced to a dependency on the solidarity of the first pillar, with the liberal solidarity between the rich and the poor replacing the solidarity between equal citizens or equal employees. The OMC links the so-called “public pensions” to the “at-risk-of-poverty rate”, not to the “replacement rate”.

The last three dimensions of the reforms promote resource regimes that maintain capitalist subordination.

- The first regime is the deferred wage. Pensions, strictly measured with regard to the contribution record, correspond to the notional PAYG capital of the contributions paid during the insurance career. Since they take account of life expectancy, such pensions push workers to postpone their retirement in order to preserve their income, thereby contributing to reducing the progression of the free time period. The deferred wage convinces workers and pensioners that pensions are financed by subordinated work, that there is no such thing as paid non-subordinated work, and that only strictly measured subordinated work deserves monetary valorisation. *Making pension schemes more contributory*: this third proposal of the OMC, radical in Italian or Swedish reforms, attempts to restore the first monetary condition of capitalist subordination.
- The second regime is old-age savings in funded defined-benefit or defined-contribution schemes. This form of pension strongly sustains financial accumulation: on the one hand, pension funds are a crucial part of accumulated capital; on the other hand, pensioners and employees saving for their retirement have a stake in the returns on investments. *Maintain pensioners' standard of living by increasing the share of funded occupational pension schemes, and improving their functioning*: the second decisive condition of the capitalist monetary constraint is legitimated, for profit-making property rights justify giving a share of value to stockholders.
- The last form of pension that maintains capitalist subordination is the tutelary allowance paid to former low-paid workers via means-tested benefit schemes. This kind of guaranteed minimum income (or pension level) goes further than the traditional poor relief that maintains labour supply from low-paid workers. The tutelary allowance invalidates a large part of the workforce whose wage rights and citizenship rights are denied and who thus only have a right to national solidarity.

*Ensure the redistributive aspect of the first pillar to make an efficient tool for combating poverty:* it should be underlined that the OMC places such emphasis on the elimination of poverty risks in old age that this is the first of the eleven common objectives. Here we see the third key condition of the capitalist monetary constraint: a guaranteed minimum income for the devalued working poor.

## **2.2. Workers resources and subsidise to employment: a contradictory movement**

The research task dealing with “subsidised employees” was developed as the second research field in order to test and reinforce the theoretical construction for analysing employees’ resources and social rights. The main objective was to analyse and evaluate the development of policies at national and European level, constructing the status of “subsidised employees”, i.e. employees whose resources are partially financed through Active Labour Market Policy (ALMP) schemes. The category of “subsidised employee” was considered as resulting from the cross-fertilization between employment constructs and social and fiscal policies, and the analysis thus required an examination of both national variations and the impacts of EU strategies.

The twofold focus developed during the research process permitted to obtain two types of results that are to be distinguished. The first kind of result was obtained from the comparison across countries of labour market policies and the analysis of the impact of the EU level. The in-depth description of national policies permitted to highlight common features<sup>9</sup> regarding the implementation of labour market or social policies that entail changes in resource flows and social rights:

- a trend toward a structural lowering of labour cost and of the “*socialized wage*” (seen in the French general social contribution exemptions, the spread of mini/midi jobs and of Co.co.co in Germany and Italy respectively, and in the exemptions from social contributions for low wages in the U.K.);
- a progressive broadening of the scope of target measures; The first measures were constructed on “deficit-targeting” criteria (training deficit, productivity deficit, qualification deficit, etc.) whereas the subsequent devices have concerned increasingly broader populations and are to be considered as “general measures” (i.e. low-wage targeting in France and UK);

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<sup>9</sup> See Fravega E. and Queirolo-Palmas L., (2005) ‘Mutations dans les relations entre emplois et protection sociale. Une lecture à travers des mesures phares dans 8 pays européens’, september, available on the RESORE website.

- the spread of tax-based devices; a trend toward the use of tax-based incentives directed at both individuals and enterprises was noted; it was clearly observable in the UK and France (as in the *Working Tax Credit* – WTC - and *Prime Pour l'Emploi* - PPE), and could also be seen in Italy and Germany (*no-tax area* in Italy; fiscal exemptions for *minijobs* in Germany);
- a progressive reduction in unemployment entitlements, and in the duration, quantity and quality of benefits. It can be suggested that, as a consequence of activation policies, there has been a mutation in the idea of a trade-off between social contributions and unemployment benefits (defining the concept of the *deferred wage*);
- a significant difference between welfare system equilibriums and individuals' rights; the *welfare to work* perspective entails a decrease in social contribution levels which is expected to be compensated for by an increase in employment rates; therefore we can say that from a "systemic" point of view this is a "zero-sum" game; but from the viewpoint of the individual, this "compensation" clearly appears as a loss of social rights;
- an increasing impact of gender discrimination due both to the massive participation of women in the more precarious contracts – such as Co.co.co (Italy), CDI with social contributions exemptions (Spain), WTC (UK) and single *minijobs* (Germany) - and to the transition toward forms of *deferred wage* (amplifying poverty risks for those in more precarious work situations and for the *working poor*);
- a trend towards a transformation of social rights resulting from the financing of ALMPs with funds from social contributions. This clearly diminishes the weight of collective bargaining and curtails the power of the social actors over the management of resources.

The confrontation of these measures with the European Employment Strategy (EES) and EU impact on the national level provided further results suggesting that:

- there is a subordination of social goals to economic goals. The lexicographic study of the EES points to a hierarchy between economic and social goals. Economic priorities markedly reduce the field of possibilities of social protection and the EES seems to be less a process of political harmonization than a means to translate monetary concerns into employment policy;
- there is a diverse but real influence of the EU on the national level, even if with different degrees of relevance for trade-unionists and "*passeurs*", probably due to



their respective positions, the former being involved in the national debate (collective bargaining, political struggles, etc.) and the latter working as technical experts but also as promoters of reforms/policies;

- there is an important symbolic dimension: in many cases it was stressed that, particularly at EU level, the struggle over setting the political agenda is to be considered as a “war of words”.

The second type of result concerns debates on activation policies and the categories used to describe and measure LM policies. Starting with the category of “subsidised employee”, the comparative analysis served to highlight the diversity of policies and measures and the difficulty in using harmonised data from European sources in order to seize schemes impacting resources and social rights. Thus it became necessary to disentangle the different meanings of the notion of “activation” and to list the limits of usual categories with a view to proposing a common denominator to identify and compare actual changes in the articulation between resources and rights and employment status.

In our research, the theme of subsidised employment was chosen as a means to gain insight into the relationship between resources and rights and the linkages between the two. Subsidised employment was initially defined as encompassing all governmental measures aiming to promote re-entry into employment by intervening in the wage relation between employer and employee, that is, by subsidising one or both of the parties. This subsidy may take the form of an exemption from employers’ social contributions, of an allowance topping off the wage (fiscal credits or extra wage supplements – sometimes called in-work benefits) or of the creation of extra jobs. Subsidies may be paid out of different resource flows (or a combination of these): social contributions, taxation or budgetary funds. It became clear, however, that alongside these subsidies all kinds of other measures were brought into play: training, job guidance, help with self-employment, measures for the disabled, changes in the system of social insurance and the like. The emergence of subsidised employment is part of a development which aims at an interplay between labour market and social protection reforms

Within the resources-rights perspective, one of the consequences of ALMPs is the change in the employment relation and the shift from a standard norm in the sense that the boundaries between employment, unemployment and non employment are being redefined. Being employed is no longer strictly connected to a wage relation, but is also possible in a benefit situation or a situation involving non standard employment contracts. ALMPs thus aim at a transformation of the labour force, making it more flexible

and employable, and accepting the shifting transitions between normal and non-normal working conditions. The nature of rights based on a wage relation is transformed by relating rights to individual responsibilities and obligations to participate in labour. This change is made possible by the introduction of different flows of resources, where funds from social contributions and taxation are used for activation policies. The main point is thus to address the fundamental changes in the relation between wage, resources and rights. In the course of our research, it was found that the forms of ALMP measures across countries appeared to be multiple and not easy to bring under one common denominator.

A comparative approach to employment policies raises important questions of an analytical nature. Three categories were examined for the purposes of comparison: subsidised employment, employment policy and active employment policy. After careful examination, two major sets of problems facing the comparison were brought to light. On the one hand, classical difficulties were encountered with the categories of “subsidised employment” and “employment policy” since they are not functional equivalents, in the sense that the policies implemented under these headings do not fulfil the same functions in the different countries; moreover, the close articulation between employment policies and fiscal and social policies in each societal context prevents direct comparisons on a term-to-term basis. On the other hand, “active employment policy” introduces a “new” type of comparative problem due to its normative dimension at European level.

In order to trace the perimeter of the measures transforming resource flows in the name of employment, it is necessary to relinquish the idea of using employment as point of entry. The different measures implemented at national level cannot be transposed as such from one country to another. They belong to completely different national realities, meet specific needs depending on the particular national employment and training systems, and mobilise the social actors according to established national patterns of industrial relations. The measures are clearly rooted in the national contexts that have produced them. They target specific populations, and their scope and the role they play in structuring the labour market differ from country to country. There are thus no equivalents, in the strict sense of the term, that permit to transpose or compare these measures on a term-to-term basis. And there is thus little point in comparing measures taken out of their context. To cite just one example, the French “*PPE*” cannot be taken as an equivalent of the British WTC or the Spanish “*contrato para el fomento de la contratacion indefinida*” and “*subvenciones para la transformación de contratos temporales en indefinidos*”, or the German *mini* and *midi* jobs. These measures seemingly have little in common. Yet they represent what we call “functional

equivalents". That is, an equivalence can be established in that they fulfil similar functions in each country. This is what creates the continuity and makes them comparable at an international level, despite the specificity of the context within which they were produced. The common function that we can define for all the measures examined, whether they fall under employment, social or fiscal policies, is that they transform the distribution of added value.

The idea of subsidised employment permits to account for changes in the role of the (tutelary) State and in the status of workers, and the dramatic rise of the tutelary allowance regime over the socialised or deferred wage or public insurance regimes.

### **3. Research perspectives and policy implications**

In the frame of this summary, three central issues of different nature are chosen to be highlighted: research perspectives on rights over resources and the life course, some suggestions for improvement of statistical information and the need for democratising monetary creation.

#### **3.1. Rights over resources and the life course**

"One of the main results of the analysis presented above<sup>10</sup>, and of the empirical work of the RESORE network, is that new developments in Active Labour Market Policy and in pension reforms across Europe act in tandem to intensify and broaden the constraint to engage in paid employment during the peak years. They are ratcheting up the constraint to exchange labour for wages. Following education, education, education, it must be work, work, work. Is this really a sustainable way forward for the development of capitalism? Apart from the fact that there are no guarantees that increases in levels of skills immediately or even necessarily translates into increases in productivity proportionately greater than the growth in resources dedicated to education, lifelong learning becomes increasingly incompatible with continuous employment in the peak years. There are also demands for care, child and elderly, that remain not only undiminished, but, one hopes, can themselves be continuously enhanced, as with the enhancement of health care. With these contradictory pressures and demands, it is difficult to envisage that the intensification and extensification of work during the peak years can be generalised to an extent that enables resources to be flow in the current channels of taxation and social insurance in a sustainable way. The paradox of the shrinking middle lifecourse phase or salarial fiscal base does not appear to be resolved by attempts to intensify and extensify employment rates during the peak years.

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<sup>10</sup> According to the instituted economic processes approach.

Then spend, spend, spend: this is the goal of a developing capitalism to produce and construct a period of life beyond employment. As part of the intensification and extensification drive, the pension reforms bring into the foreground not only early retirement but also the age of retirement in their attempts to increase pressures on everyone to complete a forty year stint of waged employment – *as a minimum*. This can be seen as a setback or defeat for aspirations. We have argued before that the production of good health and a correlative long life is a social and economic achievement, enjoyed only by advanced capitalist economies. The crisis is not one of longevity or lower fertility, a demographic time bomb. The aim *is* to create a shrinking middle, or rather to spend less and less of life constrained by waged employment. In the context of the growth of societal wealth, it is a crisis of how to finance an ever increasing right to resources to sustain a longer and longer life and develop a less rigid lifecourse structuring of employment, on the basis different fiscal constitutions than those of current arrangements. How is this possible? Is it possible?" (Harvey 2005)<sup>11</sup>.

The 'rights over resources' perspective enables us to make the link between the structuring of resources and life course<sup>12</sup>. The welfare state and social policy have profoundly influenced the life course. Roughly speaking, life courses were quite disparate up to the beginning of last century. We have already noted<sup>13</sup> that the invention of retirement, and its much later generalised institutionalisation can only be understood in a perspective of new rights over resources (pensions of various kinds), and new social categories and identities (the primary pensioner, the widow-pensioner, etc.). During the last century, life courses have been more and more standardized by the state, and in particular by welfare state arrangements, with the exception of (marital) unions and a few temporary disruptions by war or an economic crisis. Indeed, the operations of the welfare state enabled people to plan to a certain degree their life course, because some of the unforeseeable risks were (partly) covered.

The life course can be understood as a more or less ordered set of activities (of learning, working, caring, etc.). The order of the activities is apprehended in research through changes in roles and status characteristics. These activities are arranged and ordered in various ways, with marked interdependencies *both* between the life courses of different individuals as a particular example *and* between activities during a given individual's life

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<sup>11</sup> 'New Challenges to Wage Rights over Resources: Education, Education, Education, Work, Work, Work, Spend, Spend, Spend', September, available on the RESORE website.

<sup>12</sup> This discussion was extracted from a recent article by RESORE members: Harvey, M., Maier, R., Frericks, P. (2006) entitled 'The paradox of the shrinking middle: life course and social policy'.

<sup>13</sup> Harvey, M., (2004) 'Pensions, Retirement and the Historical Formation of Social Rights over Resources', August, available on the RESORE website.

course, for example caring, education or life-long learning, and participation in the labour market.

Such an understanding of the life course formulates the links between diverse instituted economic modes (market, non-market and state) both in terms of activities and resources. In a more general sense, therefore, it becomes possible to integrate the analysis of the life course and of social policy in a unified conceptual framework. Our central thesis is that this conceptualisation of the life course and of social policy permits us to elucidate the present tensions (or crisis) of welfare states in an integrated way. More precisely, the misfit between the established channels of the flows of resources and their magnitude underpinning welfare arrangements on the one hand and the emerging structuration of the life course with all its variations on the other hand, is at the basis of the present welfare state dilemmas, when conceiving the welfare economic mode in connection with the other economic modes.

### **3.2. Statistical tools: suggestions for improvement**

*Labour Market Policies* (LMP) are interventions transforming the resource flows linked to employment; and at the same time they participate in the construction of new categories of workers. The Eurostat Labour Market Policy database should then be the reference database. During the research process, this database was found to have many limitations, essentially linked to its scope. It was considered too narrow for our research purposes, and too narrow also for the official purposes of the database. Ribeiro and Ruivo (2005)<sup>14</sup> argue in favour of a broader scope for the Eurostat database. They address the question of why some national employment measures should be accounted for in the widely used Eurostat Labour Market Policy (LMP) database. The choice of the scope of a database is complex. Labour market policies are undergoing considerable transformations, supported by the EES, making it more difficult to distinguish between employment policies, welfare policies and fiscal policies. The distinction between an active and a passive measure also warrants debate, beyond its normative function. The substantial intervention of the State in the institution of labour markets and the large volumes of resources of different origins that flow through the wage certainly make it difficult to precisely define what is a labour market policy and what is an active measure. However, the narrow scope of the Eurostat LMP database and its misuses contribute little to the understanding of the ongoing transformations.

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<sup>14</sup> 'Should Tax Credits be Included in Eurostat Labour Market Policy Database?', Ribeiro, A. P. and Ruivo, M., November 2005, available on the RESORE website.

Two main sources of Eurostat data are relevant for pensions: ESSPROS (European System of Integrated Social Protection Statistics) and Structural Business Statistics (SBS). ESSPROS is the main source of information providing financial data – expenditure and receipts - for pensions of the first and the second pillar. The third pillar, consisting of non-statutory private arrangements is out of the scope of ESSPROS. Excluded from the old age function are expenditures on housing and healthcare. To have a complete picture of the social expenditures devoted to old age, it would be necessary to estimate the share of these two kinds of expenditure. The greatest limitation of this collection of financial statistics concerns the recording of receipts. Social protection receipts are only available for all social protection schemes taken together and the specific funding of old age pensions remains unavailable. Data on the number of pensioners detailed by gender and several pension categories are not yet available, but they were collected for 2000 and 2001. They will be essential for analysing the evolution of pension expenditure. Current ESSPROS data are not sufficient for a complete characterisation of pension systems according to the RESORE line of enquiry. Structural Business Statistics (SBS) is another source of Eurostat information related to pension funds. Data can be found in the Main Queen Tree under the heading “Industry Trade and Services”. A Eurostat publication, *Special Features on Pension Funds, Data 1997-2000*<sup>15</sup>, includes statistics on supplementary pension funds, by autonomous pension funds. They are still very incomplete, coverage is still insufficient and unequal within countries, and trends must be analysed carefully because of changes of methodology during the period of analysis. The distinction between defined benefit, defined contribution and hybrid schemes is adopted. A major problem remains of how to integrate this partial data in a complete picture of each national pension system. ESSPROS also deals with pension funds of the second pillar, but this information is not communicated separately. Thus, statistics on pension benefits from the ESSPROS database should not be compared with SBS statistics on autonomous pension funds as both databases use different methodologies and are not yet harmonised. Statistics delivered by national authorities are likely to be more reliable. Finally, projection exercises are needed to estimate the effects of reforms.

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<sup>15</sup> European Commission (2002), *Special Features on Pension Funds, Data 1997-2000*, Eurostat, p. 12.

### **3.3. Democratising monetary creation is the key to the continued emancipation of work<sup>16</sup>**

A resource regime is anti-capitalist if it is able to subvert the capitalist form of the subordination of labour by challenging the three dimensions of the capitalist monetary constraint (the affirmation of profit-making property rights, the sole valorisation of work dedicated to capital, and the guaranteed minimum income for invalidated workers) and by attacking the money fetish.

The resource regime approach entails a discussion on the benefits and limits of two anti-capitalist resource regimes that emerged during the 20th century as a result of the confrontation with capitalist resource regimes, namely, public service and the socialised wage. This shows how very necessary liberation from the monetary religion will be for the continued affirmation of the anti-capitalism of public service and socialised wage. The secularisation of money is indispensable, in the face of a monetary religion with its temple, high priest, clergy and articles of faith: the bourgeoisie's response to the spokes these two anti-capitalist resource regimes put in its wheels is precisely the monetarist reaction that has been rife since the 1980s and that has been placed at the heart of the Europe of the euro and the Maastricht criteria. This reaction has made a sanctuary of monetary creation, declared the central bank exempt from any political control, taken away States' traditional capacity to create money, and invoked the struggle against inflation to curb the growth of taxation and social contributions in the GDP. This *sanctuarisation* has considerably increased the fetish made of money and savings, and it is illusory to imagine that it will be possible to promote public service and the socialised wage without first tackling this reaction. Monetary creation urgently needs to be democratised. We will illustrate this by the example of two hotly debated issues: changing the basis on which social contributions are assessed, and occupational social security.

It is easy to understand why proposals to replace the social contribution associated with the wage by a tax associated with other variables, such as income, added value or imports, are becoming more pressing. The growing share of valorised free work raises the question of whether wage agreements remain the relevant occasion for the creation of the corresponding money. The increasingly social nature of work, which has made the distinction between employment and non employment porous, provides the basis for the proposal of a guaranteed social income. After all, it was for entirely pragmatic reasons

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<sup>16</sup> This section is extracted from Friot, B., (2005) 'Le salariat, pour une approche en termes de régimes de ressources', septembre, available on the RESORE website.

that the financing of social protection was entrusted to social contributions<sup>17</sup>, and a more mature arrangement could be entrusted to a broader-based political deliberation than that provided by wage negotiations.

Let us suppose that the objection mentioned earlier has been overcome: to valorise the work of health carers or retirees, the mediation of need that public service uses to create taxes is not *a priori* more pertinent than the mediation of qualification used in the creation of social contributions. It will still be necessary to explicitly accept the fact that an increase in taxation anticipates the value that will be attributed to this work, to effectively increase this de-fetishised and secularised money, and to find the democratic procedures that will permit both collective decision-making and state regulation. Otherwise, the freeze on social contributions and the ground gained by taxation in the financing of social security will have the same regressive result as today: to replace the socialised wage or public service by the tutelary allowance or deferred wage, and confine them to a “first pillar” that leaves the place free for the activity savings of the second pillar.

The demand for an occupational social security or for career security arises out of the paradoxes of the deferred wage or bare wage as well as the corporatist wage. Retirees’ widespread experience of happiness in being paid for their free work, and the growing distrust of subordinated work – not only among struggling youth, but also executives disconcerted by the erring ways of financial valorisation, and more generally, an active population confronted with the destabilization of their careers - prompts the search for a way to attribute to the individual person the qualification now linked to the post. In this way, occupational mobility would be compatible with the progression of the wage, which will have to be even more socialised since, ultimately, it will be maintained between two jobs. This professional mobility will have been made possible by overcoming corporatist barriers, and employees’ constant mobilisation over their right to a career, by a systematic institutional extension of their field of possibilities at each transition.

But these perspectives on wage rights cannot be evoked without insisting on the parallel necessity for a democratisation of monetary creation. Let us take the situation of civil servants, whose qualification is attached to the person via their rank. Leaving aside the blockages inherent in any corporatist wage logic, mobility is thus possible without employees having to start at zero each time they change jobs because they conserve the rights linked to their rank. The enormous progress that this kind of career security constitutes makes its limits all the more visible and unbearable. For the employer-State

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<sup>17</sup> As Friot have shown in the case of France in *Puissances du salariat*, La Dispute, 1998.



maintains control over the ranks. Of course, there can be no redundancies, but the bottleneck represented by this control singularly limits the possibility of making a career, that is of passing from one rank to another (progression of the qualification) and from one activity to another (occupational mobility). But occupational security only makes sense if it serves the freedom of career. To obtain the security of a life-long wage is a first, and necessary, step on the way to gaining the right to a career. It reveals the next necessity: democratic control over qualifications. For since it is the qualification of the individuals (and no longer of the post they randomly hold) that will earn the wage, the issues at stake around the job will be transferred to qualification. As in the current civil service, the monetary constraint will reappear in the rationing of qualifications. The democratisation of monetary creation is thus, here too, a decisive issue that begins with the secularisation of money: the explicit affirmation that the definition of a qualification, and the salary (and thus the money) that goes with it, is the attribution of a value to work and not the acknowledgement of a value that work is assumed to have created. If value is the result and not the cause of qualification, then its limits are political: the money of the direct wages and social contributions corresponding to the qualifications attributed to individuals must be created by a democratic decision-making process.

## II. BACKGROUND AND OBJECTIVES OF THE PROJECT

While the construction of the European Union is envisaged, first and foremost, in terms of economic integration, the question of the well-being of its working populations remains politically conflictual and is yet to be clearly addressed. Research in the social sciences produces alternative analyses that can prove of use for those committed to furthering the construction of a social Europe. This is precisely the case of the RESORE project, which brings to the fore the dynamic relation between employment, the wage and social rights. The primary objective of this research project was to test the validity of an original multidisciplinary conceptual framework for the analysis of the processes of construction/transformation of workers' social rights, mainly in the fields of pension reform and the emergence of the subsidized employee. This report presents an account of the results and seeks to contribute in this way to current debates on social protection reforms and employment policies implemented at both national and European levels.

The preliminary phase of building the network had permitted the different teams<sup>18</sup> to collectively develop a problematic by taking an analysis of employment and social protection in the Latin European countries as starting point. This offered an innovative alternative to the dominant approaches. It took into account the institutional forms determining employees' resource flows and associated rights, and introduced the new analytical category of "resource regime". The resource regime framework used to study the linkages between employment and social protection was based on the centrality of the wage and resources flowing through it in the interrelated construction of the modern wage relation and welfare systems. Core issues were the constitution of rights over resources and the processes of change of institutional forms of resource flows. This theoretical framework then needed to be tested in empirical studies aimed at obtaining three kinds of results: new and insightful analytical categories, the generation of primary empirical material, and a contribution to the development of a European research milieu in this field.

The elaboration of alternative analytical perspectives on the relationship between workers' resources and social rights in Europe immediately raised major questions about the future of the European social model for the researchers involved. The original contributions made in this area pursued two main objectives: to provide a better analysis of the foundations of the model, and to increase knowledge of the conditions leading to

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<sup>18</sup> Thematic network funded within the 4th European Framework Programme, Targeted Socio-Economic Research, "La Construction Sociale de l'Emploi", November 1997-December 2000, contract ERB SOE 2CT 97 3041, coordinator B. Friot (GREE, France).

change and development of the model. These objectives were achieved through four main goals:

- A comparative statistical measurement of resource flows according to resource regime; this approach was expected to provide a new and different analysis of labour force divisions in the labour market. The hypothesis was that existing employment categories are nowadays split by major new divisions related to the nature of the resources that link employment to redistributive solidarity, wage mutualisation, or financial returns.
- An analysis of the development of employee resources over the last two decades in relation to the social rights linked to them. The hypothesis was that the 'two pillars' model is leading to an erosion of the rights linked to universal direct taxation/insurance in Anglo-Nordic regimes and of rights linked to the socialised wage in some continental European countries. As a counterpart to this erosion, the two pillars model promotes new models of rights linked to national solidarity (social inclusion) and mutualised collective private property, involving a shift in the nature of rights, whose impact on employment status and relations needed to be better understood.
- A study of new processes of decision-making that are being established in the European Union, through a detailed analysis of the development of subsidised employment and pension reforms in the 1990s, with a view to providing new empirical material and preliminary analysis concerning the construction of a 'social Europe'. The hypothesis was firstly that the frictions between national and European regimes tend to be blurred in the process of the Europeanisation of the actors and decision-making procedures; and secondly, that these frictions are also combined with a renewal of political confrontations whose forms and objects are changing due to the relative weakening of the nation-states.

The research architecture was designed with the aim of deepening the analysis of current reforms in the fields of pensions and subsidized employment: These two fields were chosen because they were found to be complementary from the point of view of the transformation of resources (wage, taxation and savings) resulting in the emergence of new figures of the worker. In order to mobilise quantitative data to the extent possible, and to situate the comparative study, two support research tasks were set up, one dealing with the question of measurement, and the other with actors and societal logics. Finally, work of a more descriptive nature was performed on mapping European research on employment and social rights.

The research provided a comparative perspective on eight European countries (France, Italy, Spain, Portugal, the UK, Germany, the Netherlands, and Austria). Given our thematic, the absence of a systematic comparison with the northern European countries is regrettable; this is of course one of the limitations of the present work. However, given the means available to us, we chose to give preference to theoretical development and empirical studies over the multiplication of comparative perspectives. The progressive construction of our network since 1997, with the entry of new members, meant that we needed first to confront the theoretical positions of the participants and national realities before enlarging further.

Our initial objectives underwent few changes in the course of our empirical work and these were of marginal importance; they were often the result of cross-checking between the different research tasks or international conditions of producing research. Nonetheless, we may note the difficulty in successfully carrying out a statistical study of this scale. European sources are not designed to reveal transformations affecting workers' resources. Within the limits of this project, and beyond the recommendations concerning the sources examined, it was thus difficult to achieve more than making forays into national sources.

RESORE has made it possible to produce several kinds of results which will be presented below. Data from the empirical studies were exploited for two distinct theoretical approaches: resource regimes and instituted processes. Both of these start with the wage as central to the flow of resources, but they open up two entirely different research perspectives. The latter approach is directed at the examination of transformations in the reproduction of labour over the entire life cycle, whereas the former paves the way for an in-depth analysis of the social value of money. The theoretical divergences that arose have thus been fruitful and the debate will be continued in the books that are in preparation.

### III. SCIENTIFIC DESCRIPTION OF PROJECT RESULTS AND METHODOLOGY

Are pension reforms and labour market policies symptomatic of a crisis of the institutional forms of capitalism constructed historically in each country? Do they, when considered from the point of view of transformations of the wage, reflect mutations of the *salariat*? Does an analysis in terms of resource regimes permit a fresh approach to the history of the salariat? These are three of the key questions among the issues raised by the RESORE project in approaching its research from the particular angle of changes in workers' resources. There has been an abundant production of research and statistics in the past decades, largely due to the considerable demand from policy makers. Yet few studies combine an enquiry into employment and the labour market with social protection and welfare; fewer still approach these issues from the angle of employees' resources.

Our theoretical construction was nourished by extensive empirical research in the fields of pension reforms and subsidized employment. Depending on the particular analytical framework mobilised, the results can be interpreted as indicating either strongly convergent trends or strong national differences. This does not, however, indicate a clear-cut contradiction, inasmuch as each theoretical framework rests on different disciplinary points of view. The empirical data collected in our two fields were backed up by two complementary research tasks, the first focusing on categories and instruments of measure, and the other on the actors involved, in particular, the European actor and the union actor. Our results show that inasmuch as quantitative instruments are constructed to back up the action of the State, even if part of the latter is in the process of becoming supranational, or that of the market, this renders their exploitation difficult when a different perspective is adopted. The study of the actors demonstrated the importance of the European actor and discourse, and permitted to open up perspectives on the study of the union actor.

The architecture of the research project was designed to facilitate going back and forth between the empirical and the theoretical parts. In the presentation of the results that follows, an account is provided of the work undertaken in each research task: first, the theoretical task, which, due to its nature, provides a more overall view, and then the respective tasks on measure and the actors. Finally, we will present the major results of the research conducted on our two key fields: pension reforms and the emergence of the subsidised employee through fiscal and labour market policies.

## **1. Instituted economic processes and resource regimes: two theoretical perspectives**

Two theoretical perspectives emerged as the empirical studies progressed<sup>19</sup>. As will be seen later with regard to pensions, this progressive differentiation of points of view arose out of the different questions raised, although both place resources and the institution of the wage at the centre of the analysis of employment and social protection. While both constructions are innovative, their comparison is difficult, and the debates they raise reach beyond the specific framework of the research project; these debates will be pursued in the future phase devoted to disseminating the results. We will see that, for each of these approaches, the position of the researcher is different as well as the point of view adopted for the exploitation of results. The research perspectives are thus also different.

### **1.1. The instituted economic process approach**

#### **1.1.1. Theoretical proposal**

The instituted economic process approach to rights over resources draws in particular on the work of Polanyi. In a paper published in 2002, Harvey and Randles<sup>20</sup> propose to replace the study of the market by a study of the economic organization of exchanges. While they emphasize the embedding of the economic sphere in the social sphere, they assert the irreducibility of the economic sphere. The latter is understood to mean *“the combined processes of production, exchange, distribution, and consumption necessary for the reproduction of societal resources on the same, lesser or greater scale (economic stability, decline/collapse, growth).”* (p. 3). Acknowledging the small number of situations of “pure market” exchanges, the authors see economic exchanges as encompassing non-market exchanges. The organizational forms of non-market exchanges entail, like the others, reciprocal transfers of *property rights*, which permits to approach them through the same analytical framework and to provide a different perspective on forms of economic growth.

This approach studies the classes of *economic agents* between which the exchange is produced, the organisation that this supposes between them, and the process itself. It also studies the nature of economic agents, and *the kind of entities traded* and *the*

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<sup>19</sup> This key task of theoretical synthesis was the responsibility of the British team (CRIC), under the direction of Mark Harvey, as well as of the French team (GREE) co-ordinator of the project. This section draws widely on the papers by Bernard Friot and Mark Harvey, which can be found on the RESORE website.

<sup>20</sup> Harvey M. Randles, S. (2002) “Markets, the organisation of exchanges and ‘instituted economic process’- an analytical perspective”, Discussion Paper N° 51, CRIC, University of Manchester and UMIST, July, 27 p.

*space/time exchange modalities*. The economic organisation of exchange thus appears as a construction within which economic power is exercised between different social groups (workers, consumers, tax-payers, share-holders, etc.); the process of differentiation between economic agents goes hand in hand with the mutual dependency at the origin of processes of exchange, and a frequent asymmetry in the exercise of economic power: a *"different qualitative kind of power that one class can wield over another"*. Furthermore, market exchange is dependent on non-market exchange: the possibility to buy or sell also depends on social organisation, public services, the family, and other spaces where non-monetary exchanges take place. They are considered here as an *"economic prerequisite for monetary exchange processes"* (p. 10). Finally, economic exchanges are often the result of the co-production of what is exchanged, and *"... in many cases maybe, the outcome of negotiation becomes a condition for exchange"* (p. 12).

The joint analysis of the labour market and social protection from the perspective of resources is placed at the intersection of different types of instituted economic processes. With respect to the nature of what is exchanged, particularly work, land and money, the approach goes beyond the postulates of Polanyi or Boyer and highlights the institutional specificities of capitalist economies (there are no such things as *"fictitious commodities"* on one side and *"true commodities"* on the other). This thus raises the question of the nature of what is exchanged between employer and employee in the labour *"market"*. Labour power is not viewed here as a good like any other, as in neo-classical theory, nor as one whose value only appears in the production process, as in Marxist theory. As Moncel (2002)<sup>21</sup> has also stated, what characterises an exchange in the labour market is the impossibility of separating labour power from the person holding it. It is only the use of skills that is exchanged in a capitalist economy, since the skills themselves remain the property of the worker; and finally, the employee is also a consumer. The production of skills depends largely on non-market processes (education, household economy, health system, etc.). This approach refutes an analysis of labour power in terms of *"human capital"*, and *"the full worth of the capacity is therefore uncashable"*. As a result, employees do not hold *"property rights"* over what they produce.

This line of reasoning places the labour market and social protection at the intersection of different processes of market and non-market economic exchanges, which are historically instituted, interdependent, and differ from country to country. Their joint analysis

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<sup>21</sup> Moncel N., *"Labour Markets as Instituted Economic Processes: A Comparison of France and the UK"*, *Polanyian Perspectives on Instituted Economic Processes, development and transformation*, CRIC Seminar, University of Manchester, 23-25 October 2002., to be published by University of Manchester Press edition.

contributes to the characterisation of forms of capitalist political economy and permits to differentiate between them:

“That the exchange price of labour includes tax or compulsory insurance is not an accidental or contingent phenomenon, but intrinsic to instituted processes of exchange by virtue of the connection between the exchangeable and non-exchangeable characteristic of labour capacity and its use” (Harvey and Randles, 2002, p.18).

In the framework of the RESORE project, those who postulate this approach see the wage as a central institution through which multiple exchanges closely dependent on non-market processes are produced. The latter, which are necessary above all for the total social reproduction of labour (Glucksman, 1995)<sup>22</sup>, permit to take account of gender issues. Transformations of employment and social protection can thus be observed concomitantly through the institution of the wage, and permit to capture national variations in forms of capitalism.

In the field of retirement and pension rights, this approach differs from that of Esping Andersen (1990)<sup>23</sup> in that, rather than developing typologies, it seeks to understand the economic nature of resource flows on the basis of variations affecting instituted processes. On the issues of decommodification and recommodification, it is argued that pensions *“undermine any sharp dualism between market and non market forms; their aim is to provide purchasing power to buy commodities”,* moreover, *“they involve distribution of resources across generations’...‘forming new equalities or inequalities between those in employment and those who are no longer in employment”* (Harvey 2004, p.5)<sup>24</sup>. It is precisely the institution of exchanges conferring property rights over the long term that is problematic: political changes and changing financial markets can threaten the terms of the exchange in the tension between the endeavour to attain the utopia of a free market and the need to provide guaranteed income over several generations. Retirement pensions institute non-reciprocal exchanges over the long term.

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<sup>22</sup> Glucksman, M. (1995), “Gender and the ‘Total social organization of labour”, *Gender, Work and Organisation*, 2:2, pp. 63-75.

<sup>23</sup> Esping-Andersen, G. (1990), *The Three Worlds of Welfare Capitalism*, Cambridge, Polity Press.

<sup>24</sup> Harvey, M., (2004) “Pensions, retirement and the historical formation of social rights over resources” August, available on the website.



### **1.1.2. Instituted economic processes and rights to resources: what are the conclusions for the analysis of pension reforms and labour market policies?**

The analysis permits to conclude that pension reforms and active labour market policies reveal a crisis affecting “fiscal” and social insurance institutions in contemporary Europe (Harvey, 2005)<sup>25</sup>.

Employment policies and pension reforms contribute to the transformation of the obligation to sell labour on labour markets that are undergoing a process of institutionalisation. In the course of history, the constraints of the exchange have been transformed to institute labour power as that of paid workers. Furthermore, a “commodity-producing economy” has constructed the consumer. Nothing escapes this circuit, and pensions, for example, contribute to creating a balance between production and consumption. Monetary resource flows have developed new channels: in the standard model, they went from the employee in commodity production to the purchase of commodities, and their circulation within the household; today, and in addition, money flowing via insurance and taxation goes to teachers, medical staff, pensioners, carers, students, scientists and thence to the purchase of commodities, binding together market and non-market actors.

“In other words, the circulation of money now goes beyond simple commodity or capital circulation within the narrow circuit of the market, but underpins social relationships of a much more varied kind, sustaining the interdependence between different modes of provision in a multi-modal economy, with different modes of consumption’. Thus, “Money is the circulating medium of new social relationships...” (p. 7).

Furthermore, *“rights over resources define what is employment and unemployment, activity and non-activity”*. Based on the new centrality of work in modern societies, they construct the new able-bodied and non able-bodied, and reconfigure the organisation of society. We are seeing a *“reconfiguring of the labour force through the introduction of new fiscal instruments and employment forms”*. An analysis of tax policy measures and employment in the network countries, moreover, has permitted to trace the variations in these reconfigurations and their effects on social rights.

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<sup>25</sup> Harvey, M., (2005) New Challenges to Wage Rights over Resources: Education, Education, Education, Work, Work, Work, Spend, Spend, Spend; September, available on the website.

The analysis of pension reforms in the different RESORE countries (Maier, de Graaf et Frericks 2005)<sup>26</sup> permits to shed light on transformations of the life course, the articulation between work and time out of work, employment and non-employment: increase of labour market participation during the peak hours, tightening the conditionalities to attain full pension rights with respect to qualificatory years as salaried years; penalising early retirement, providing child care and education credits, enforcing a contributory as an actuarial principle of accounting, and so on. However, if there is *"a real crisis in instituted economic processes underpinning the sustainability of pension schemes, although, as argued before, these are very different between the two broad regimes of relatively comprehensive PAYG pension systems and PAYG systems which are a minimum basic standard (and reducing) complemented by funded regimes of various kinds,"* (Harvey, 2005, p.13) the question is that of the possibility to achieve intergenerational equity in the share of future economic growth. Here, *"the core of the crisis is that the rate of growth in the proportion of retired people to waged employees is greater than the rate of growth of contributions derived from social insurance PAYG schemes of those in waged employment"* (p.14). Funded schemes, when contributions are compulsory, institute new forms of property rights that can be differentiated from traditional property rights on the basis of their collective management. The question here is to know whether other additional resources would not be needed to make up the replacement rate deficits that are the cause of the crisis. Finally, the reform process feeds the crisis: extending the duration of the working life seems to be incompatible with flexibility and continuing education; the intensification of *peak years in the life course* (*new rights, participation of women in the labour market...*) has an effect on social rights. *"Those most at risk are those more likely to deviate from this standardised life course"*: deterioration of the gender contract, penalisation of women, etc. Overall, by linking an analysis of the labour market to that of social protection, this approach permits to identify some of the principle effects of the crisis of institutional forms that bring about a reshaping of the wage and attendant rights over resources.

"But the comprehensive research of RESORE has clearly demonstrated that there is both a variation in the nature of the crisis experienced by the different countries, and a variation in the existing instituted flows of resources that form the fiscal constitutions of the different countries, leading to path dependant patterns of political response to the varied crises." (p.15)... "This is not a marginal crisis for capitalism, but affects the growth and reproduction of the system as a whole..."

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<sup>26</sup> Frericks P.; De Graaf W.; Maier R., (2005) 'Configuration of Rights linked to Pension Reforms', September, available on the website.

In summary, this approach provides an understanding of instituted processes in terms of crisis, with its causes and variations. Some of its salient features bear repeating:

- institutional forms of economic exchange construct capitalism and their crisis threatens the system: variations in these institutional forms serve to differentiate between forms of capitalism;
- social rights are extensive, indeed collective, forms of the institutionalisation of property rights; but there is no such thing as property without rules, and their maintenance over time;
- rights to retirement and a pension are granted to workers who are considered as being outside of activity or employment; their link with the field of the wage is explained by the transfer of monetary resources: *"pension systems complement wage-based economies"*;
- time is of capital importance since changes occur as historical processes and permit to understand transformations taking place in the interactions and dependencies between different forms of property rights;
- money is considered as an economic mediator of new social relations.

## **1.2. The resource regime approach**

This approach pursues the development of the initial line of enquiry that led to the creation of the network<sup>27</sup>, and draws on the work on the wage originally undertaken by Bernard Friot<sup>28</sup> in the *Groupe de Recherche sur l'Education et l'Emploi* (GREE, France). The international comparison - deemed necessary for the development of a critical, dynamic theory of the salariat - seeks to go beyond and to revise Marxist analytical categories and to go beyond disciplinary and academic divisions between sociology, economy and political science. We will focus here on the definitions at the basis of this approach and on the characterisation of resource regimes which are some of the principal results of our research<sup>29</sup>. These results are discussed further in the section on pension reforms.

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<sup>27</sup> Final Report of the "Social construction of Employment" network, under the scientific direction of Friot B., March 2001, GREE (ERB SOE 2 CT 97 3041).

<sup>28</sup> Friot B., (1998) *Puissance du salariat: emploi et protection sociale à la française*, Paris, La Dispute Editeurs.

<sup>29</sup> For a fuller version of this theoretical proposal and the relevant state of the art, see B. Friot, (2005), "Le salariat: pour une approche en termes de régimes de ressources", August, available on the website.

### 1.2.1. Basis of the theoretical proposal

Our research topic – a joint analysis of workers’ resources and social rights – is central to the study of the wage relation, relation that are not seen here in terms of regulation or of domination, but in terms of a contradiction. The resource regime approach reaches beyond unilateral definitions of waged work as either subordinated or emancipating, and places work at the heart of a dual, and contradictory, movement of subordination *and* emancipation. The contradiction of labour characteristic of capitalism stems from the fact that capitalism exploits and alienates labour while also accompanying its emancipatory evolution. Indeed, the rising power of capitalism cannot be separated from the affirmation of the freedom of work in process since the Enlightenment, inasmuch as capitalism both opposes this freedom and makes it possible, within the contradiction of the impossibility of subordinating labour to the valorisation of capital. This emphasis on the issue of the freedom of work fostered by struggles over the wage, represents a shift from the dominant view of the wage as primarily a question of security, or more precisely, in liberal political economy, as an exchange of the subordination of labour for security of income.

The approach to workers’ resources and rights adopted here takes as starting point the concept of the total wage derived from the study of the continental model of social protection. This concept permits to analyse employment and social rights together in order to clarify the effects on the situation of the employee, since the total wage is the channel through which employment and social protection resources flow. The empirical bases for this theoretical construction were provided by a dynamic analysis of transformations of the sources of financing, types of benefits, conditions of attribution of rights, and power over decisions concerning these resources.

The resource regime approach examines three fundamental notions in a fresh light: work, value and money.

- Work is defined in a very broad sense here: work on nature, on others, on oneself.

This definition includes the notion of employment, which then becomes a form of the social recognition of work; it also includes the statistical notion of activity, since the retired worker, or those looking after their children or close relations, or the student, all work. “Free” work (*travail libre*) is opposed here to subordinated work, because its ends and means are defined by those concerned. This work is usually necessary work, and its definition is not reduced solely to the individuals concerned. Autonomous definition cannot do without a third party, for the risk is great of falling prey to the illusions of the workers’ councils – which, in overlooking

the issue of power, gave rise to the worst excesses of power. On the other hand, the heteronomous definition of the ends and means of subordinated work is not attributable to capitalists alone: subordinated work can be dedicated to the service of the State, an employer, or the community to which the worker belongs (familial or occupational), and these are thus non-capitalist forms of subordination. Subordination is capitalist when the subordinated labour is dedicated to sustaining the accumulation of capital, whether the workers concerned are employees or self-employed.

- *Money* is the fundamental institution for the valorisation of work:

Far from being a passive expression of a hypothetically pre-existing value, money serves as a measure of the value conventionally attributed solely to what is “already there”, that is, work in its capacity to create wealth (or vacuity, or danger). And this “already there” will, in turn, be given form by money, which, like all institutions, is a social fact determining human acting. While money has long been recognised as a social convention attributing value, the meaning it gives to work has not previously been studied dynamically within the context of the history of the *salariat*. The wage is constituted by different varieties of money. To speak of varieties of money in the plural does not call into question the unity of the money-form, but underlines the existence of multiple initiatives involved in monetary creation, with a conflictual articulation between the varieties.

- The *value* attributed to work by money enters into contradiction with the wealth produced by that work. Why is “wealth” opposed to “value” and not “use value” to “exchange value”? First, it is important to distinguish between use values that are useful (wealth) and those that are pointless or dangerous, such as all the work performed to sustain a non-democratic order. Wealth is thus the useful part of use values, and it is the distance separating the spheres of wealth and value that is at the basis of the social dynamic. Second, the attribution of value to work, its monetary measure, does not take place solely through an exchange: not all value is exchange value. The commodification of “labour power” is a capitalist dream that is fortunately rarely fulfilled, and the expression “value of work” is preferred here to “value of labour power” in order to leave open-ended the contradictory forms of the valorisation of labour, where the “price of labour power” is merely one form among others.

If wealth and value are not super-imposed here, this is because money fails to attributes value to a large share of useful work, whereas a share of value is attributed to pointless or dangerous work. This contradiction between wealth and value is inherent to money. It

lies at the heart of social relations, and *control over the monetary valorisation of work is a central issue*. It is central from a macro-sociological point of view: what kind of work is recognised by money (work in the service of the sovereign, the “boss”, the family, or capital) and by which money (money that accompanies the domination exercised by these or that subverts it)? This control is also central from the micro-sociological point of view: a person’s social status is defined by that part of his or her work that is valorised, and by the type of money performing this valorisation. It is not the same thing if 10% or 60% of a person’s work is valorised, and that subordinated work rather than free work is valorised. Similarly, for a given percentage and type of work, it is not the same if the person receives a wage, investment income or a tax-financed allowance.

The degree of subordination of work is expressed by the type of money that attributes value to it. It thus appears that the type of money concerned can serve as a basis for a fresh analysis of the link between wage and social status: the employee is not considered as having labour power whose use will be sold, but as a protagonist of the subordination or the liberation of work, and as a producer of wealth whose value may or may not be recognised by a type of money, whereas a person’s social status is defined by the part of his or her work that is valorised. In this approach, control over the monetary value of work thus becomes the issue at stake in a fundamental conflict over the liberation of work that will be expressed in the tightening or loosening of the *monetary constraint*.

Constraint is inherent to money for the reason given above: there is no necessity for wealth and value to be superimposed. There is no society in which monetary recognition of work is such that individuals are directly valorised for the wealth they create. Valorisation is mediated by power relations that ignore kinds of work generating wealth and monetise kinds of work generating harm. The monetary constraint expresses the distance between wealth and value, and differs according to the type of money. The goal of the resource regime problematic is to identify the various monetary constraints and thus the types of subordinated work that they generate.

The dominant form of monetary constraint in our societies is the capitalist form. This form of monetary constraint subordinates work by imposing its submission to the ends and means imposed by the owners of capital. The three conditions of the capitalist monetary constraint are: profit-making property rights as the legitimate form for the sharing of value; the sole valorisation of work dedicated to capital; and a guaranteed minimum income for those whose work is not valorised. These conditions become the object of a class conflict engendered by the impossibility of transforming individuals into appendages of capital, into “labour powers” dedicated to the accumulation of capital. The contradictory nature of waged work stems from financial accumulation, since the growth

of capital presupposes *both* the liberation of individuals' creative capacity *and* the mutilation of this capacity under the yoke of the valorisation of capital. The transformation of individuals into variable capital is thus at one and the same time constantly being implemented and constantly impossible to achieve. Constituent to the *salariat* is its subversion of the exclusive valorisation of work dedicated to capital and of the couple formed by profit-making property rights and rights to tutelary solidarity, while the imposition of these is constituent to the capitalist bourgeoisie. Money plays a determining role: some types of money sustain the subordination of work by activating the capitalist monetary constraint, whereas others weaken it by producing wage-based, anticapitalist forms of monetary constraint.

Now, if we seek to define the contours of a European social model, compared to the link between employment and social protection existing on other continents, it can be seen that in Europe to date, the total wage put into circulation on the occasion of the production of a good far exceeds the value attributed to the work involved in the production of this good, since the job provides the occasion for creating money that recognises all sorts of work. The total wage is a mix of different types of money that attribute value to work subordinated to capital, subordinated work in a non capitalist form, and free work. These monies come in very varied forms: taxes, social contributions, savings as a component of pay, direct pay, and according to diverse modalities for each of these components. The political decision to create them is taken under diverse circumstances: sectoral collective agreement, company agreement, finance act or act for the financing of social protection, deliberations of the board of the social security fund, or the generosity of the employer.

This approach criticizes the fetish made of money that serves to deny that money is a social convention attributing value to work, but presents it as the passive expression of a pre-existing value, that famous pie that needs to be baked before it can be shared out<sup>30</sup>. But it does not make a fetish of work, since it does not naturalise the attribution of more value to the more important work of retirees. For like any form of distribution of money, this is a social convention, but one that raises a burning political issue: since the work concerned is free, paying for it can subvert the subordination essential to the dominant forms of work.

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<sup>30</sup> Thus, the increase in GDP does not correspond to the increase in wealth produced or of use values, but to the increase in the value attributed to work.

### 1.2.2. Characterisation of resource regimes

The resource regimes presented and analysed in the table on the following page concern the resources inventoried in public finances (thus excluding resources from the informal economy), whether monetary (as in the old-age pension) or giving rise to monetary evaluation (such as a free health benefit).

The two fundamental questions for the definition of a resource regime are:

- To what kind of work is value attributed? Is it free or subordinated work, and in the latter case, for what type of employer and in what kind of enterprise? How is it measured: are the criteria more or less abstract with respect to concrete work situations (product, project, qualification of the job, qualification of the worker), and more or less contributory?
- What kind of money expresses this value? Is it a wage, a tax (and of what kind?), or savings (and what is their link to financial accumulation)? Who defines it and manages the flow (collective agreement and social partners, company agreement, employers, the State – in its social or tutelary role, local authorities, the finance industry)? What is this money allocated to (type of benefits)?

These questions permit to define the type of monetary constraint corresponding to a resource regime: for example, the monetary constraint is capitalist if only the work dedicated to capital sees its product evaluated in money, or if the money expressing the value attributed to free work sustains the accumulation of capital. The form of rights underpinning each resource regime can also be identified (labour law, employment rights, wage-related rights, for example) and the ideal type of the social group these define.

The table below presents a preliminary nomenclature of resource regimes. The definitions of the types of workers concerned by each regime (first column) and of the social group ideal type determined by the regime, include not only the active (employed or unemployed) but also retirees and invalids, given the high level of proximity between income from activity and pensions. Similarly, the self-employed and employees are treated in the same way, since this distinction has little relevance from the point of view of resource regimes.

Resource regimes can be roughly divided into regimes associated with subordinated work and a non-capitalist monetary constraint (the corporatist wage and its variant, the prefinanced wage); capitalist regimes that develop the three dimensions of the capitalist monetary constraint (deferred wage, bare wage, employee savings and tutelary



allowance); and regimes that subvert the latter, are thus anticapitalist and develop new forms of monetary constraint (public service and the socialised wage). These distinctions cannot be applied too rigidly, however, given the interpenetration and contradictory dynamics existing between the regimes.

### 1.3. A first nomenclature of resource regimes

	Valorised labour (1)	Measure of subordinated labour	Form of money	Monetary constraint (2)	Rights to/over resources	Social group
Corporatist wage	Civil servants, professionals, employees of banking - public transport - energy companies...	Qualification, wage classification	Earnings-based contributions without savings, corporatist tax Collective bargaining	Community dependence	Employment rights	"Employee-workers"
Pre-financed wage	Ditto	Ditto	Funded defined-benefit schemes Pensions industry or collective bargaining	Community dependence Capitalist monetary constraint (B)	Profit-making property rights	"Stock-holder workers"
Deferred wage	Capitalist firms' workforce, self-employed without capital	Strictly contributory (piece, project, skill) actuarial neutrality	Individually agreed wage Earnings-based contributions as virtual savings	Capitalist monetary constraint (A)	Labour rights	"Workers"
Bare wage	False "self-employed"	Product, project, task	Product price project-based contract reduced social contributions, or none at all	Capitalist monetary constraint (A)	Commercial rights	Labour power ( <i>Forces de travail</i> )
Actives' savings	Capitalist companies' high-wage employees, self-employed with capital	Project, company's efficiency or profit	Tightly linked to pension industry and to financial accumulation (defined-contribution schemes, stock-options)	Capitalist monetary constraint (B)	Profit making property rights	"Stock-holder workers"

Tutelary allowance	Victimised low-paid workers with age, gender, family, nationality discrimination	Both flat-rate and strictly contributory	Tutelary tax, under wage derogation, subsidised wage Local management	Capitalist monetary constraint (A), (C)	National solidarity rights	"Benefit recipient workers"
Public service	Universal regime for residents	None (duration of residence)	Citizen tax (general, non-targeted) State management	Loosens CMC MC: level and structure of taxation	Citizen-based rights	"Citizen workers"
Socialized wage	Universal regime with labour discrimination (gender, age, qualification, nationality...)	Worker (or job) qualification politically negotiated	Cross-sectoral, earnings-based contribution without savings State/social partners management	Loosens CMC MC: level and structure of qualification	Wage rights	"Salaried workers", " <i>salariat</i> "

(1) Active employees, self-employed and retirees.

(2) Three conditions of the capitalist monetary constraint (CMC): (A) only work dedicated to capital is valorised, (B) profit-making property rights, (C) guaranteed minimum income for the invalidated working poor.

Clearly, then, the institution of the wage is the starting point for these two approaches. However, they diverge fundamentally as regards the conception of work: the resource regime approach includes situations that the instituted process approach does not view as the monetary recognition of work but as rights associated with wage-based economies. On one hand, social rights are considered as a form of institutionalisation of property rights, and on the other, they are seen as the result of wage conflicts concerning the employment relation: they are the expression of the monetary attribution of value to work that is characterised by varying degrees of subordination or freedom. Control over the monetary valorisation of work is thus an essential issue in this conflict.

Whereas, on one side, reforms are interpreted as a crisis of the form of capitalism based on economic exchanges, on the other they are seen as the contradictory expression of the diversification of resource regimes, since capitalism is not first and foremost a market that is regulated to varying degrees by the State or agreements, but an attempt to dedicate work to the accumulation of capital. Rather than the forms of crisis, and the diversity of capitalisms of which they are the symptoms, the second approach observes the common trends or the contradictions expressed in the reforms and by the actors, based on the form of subordination or of free work that they develop.

The formation of social groups is also analysed differently, depending on whether emphasis is placed on economic agents, or on the political capacity of these groups. From this point of view, what we have highlighted here shows that the instituted economic process approach develops a vision in terms of political economy, whereas the resource regime approach adopts a far broader viewpoint that can be described as political socio-economy: the role of decision makers and their discourse is of particular importance here, as we will see later. Each of these approaches leads to different research perspectives, and has a role to play in academic debates based on different national predispositions and different disciplinary and multi-disciplinary backgrounds.

## **2. Identification and measure of resource flows related to employment and social protection**

The main objective of this research task was to quantitatively assess transformations in institutional forms of resource flows related to employment and social protection over the last two decades in eight European countries (France, Italy, Spain, Portugal, The UK, The Netherlands, Germany and Austria). The basic hypothesis of the overall project was that workers' resources are undergoing important institutional transformations in both direct wage and payments related to social protection. The research sought to pay special attention to resources related to the links between employment and social protection. It

is precisely these links that are changing, either in the direction of tightening contributory principles in employment or in that of weakening the link to employment status. In this context, the research task of identification and measure of resource flows takes on its full significance<sup>31</sup>.

More specifically, the research task aimed to establish an overview of the structures of these resource flows and their evolution according to three main dimensions: source, institutional forms of collection and allocation and distribution through welfare services and cash benefits. The source of resources has been considered a crucial element of differentiation between resource regimes and an element in transformation that should be quantitatively assessed.

Another initial objective was to link labour market developments (in particular trends towards flexible forms of employment) and the nature of resource flows. The underlying idea was that the wages financing the social protection of those fractions of the population affected by more unfavourable employment conditions is being undermined. These populations suffer discontinuous working careers, with forced mobility between unemployment and inactivity, and consequently, lack resources both at the time of paying contributions and at the time of receiving benefits. This line of questioning evolved towards the study of the direct implication of the state in the financing of these workers' resources through social, fiscal and employment policies. In statistical terms, the main objective was the identification and measure of the population concerned by a particular type of resource flow, namely transfers from the state to individuals, firms or service providers in the form of subsidies to employment; and also to quantify the extent of the resource flows themselves.

In addition to subsidised employment, the field of retirement pensions was chosen as another object of empirical research to illustrate ongoing transformations in resource flows. It was considered to provide a suitable basis for comparative studies between countries participating in the same European integration process, through the Open Method of Co-ordination of employment and pension policies. A correlated objective was to question available statistical data and categories at European level and to develop methodologies able to account for institutional forms and changes in resource flow structures. In brief, the data researched mainly concern receipts and expenditures and the number of individuals concerned.

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<sup>31</sup> This research task was led by Margarida Ruivo and the Portuguese team – Centro de Estudos de Economia Industrial, do Trabalho e da Empresa (CETE).

## 2.1. What are statistics for<sup>32</sup>?

The initial idea for this task was to provide a broad statistical overview of the transformations of resources flowing through the wage, specifically those produced by measures subsidising employment, and pension reforms. To achieve this aim, it was necessary to begin with an examination of available sources and show the limitations of European and national statistics with regard to our research object.

The question of statistics is a key one, not only because of the need for data-based guidelines and the real difficulties facing international comparisons of wage relations or pension systems, but also because of the direct impact of European-level statistical production on integration.

May we begin with the reminder that, with respect to European integration, statistics are not simply a basis for guidelines, providing a purely numerical objectivation, of changes in resource flows. They also have a political dimension, in that they impact labour market policies (implemented in the name of employment, including certain social and fiscal measures) and pension policies. In this sense, the conditions of production and dissemination of statistics are important and their harmonisation contributes to the standardization of categories related to the labour market or pension systems.

Furthermore, as regards the controversies surrounding the production of quantitative data, it is necessary to distinguish between two forms of instrumentation, which are usually envisaged separately or at least in distinct contexts of discussion. The first views statistics as an instrument of measure permitting to describe labour market developments. In this sense, the EU has set objectives for harmonising statistics in order to create a minimum of coherence and comparability between indicators. The second, which is usually under-exploited or overshadowed by the former, views statistics as a political instrument. The analysis of statistical production has always been a topic for debate, particularly because of its dual descriptive/prescriptive function.

Thus, in the EU, statistical production plays a role in the codification of the integration process. The statistical tool is necessarily ambivalent: on the one hand, it depends on the conception and the representation of phenomena, and on the other it contributes to forging these. The need to construct European statistics is, from this point of view,

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32 Extracted from the contribution of Khristova to the paper 'The importance of subsidised employment and its implications on resource flows – an assessment', Khristova, A., Ribeiro, A. P., Ruivo, M., September 2005, produced in the frame of the RESORE European project.

legitimated by the goal to establish some sort of common grid for all labour market and pension policies.

European statistical production records the existence of common trends that are increasingly expressed in a common language, which, even if questionable, is mapped out by each member state and taken up by the European Commission. These trends are at the heart of the dual objectivation of description and orientation of public action. Through the harmonisation of inventory methods, nomenclatures and classical indicators (unemployment rates, employment rates, activity rates, expenditures, distinction between active and passive expenditures, between public and private expenditures, public pension expenditures as a percentage of GDP, old-age dependency ratios, etc.), European statistical construction not only seeks to provide a tool for international comparative analysis but also, and above all, one that permits to orient national policies. It has to remove the disparities linked to national institutional constructions without erasing their effects.

Thus, these common statistical indicators are more than a simple tool for comparison, they are linked to the attempt to harmonise policies in Europe. For example, statistics are used to back up recommendations that announce developments: to increase employment rates, reduce unemployment rates, activate passive expenditures, extend working lives, maintain the sustainability of public pension finances, etc.

Finally, the harmonised data-bases – whether those of the OECD or the European Commission – focus on employment and labour market policies, and leave out fiscal and social policies that are also related to transformations of resource flows. A major restriction of these data (OECD and Eurostat) is that they refer to targeted measures<sup>33</sup> and leave out general measures concerning low-paid jobs (such as the exemption of employers' contributions in France) and measures that traditionally fall within the domain of social policies such as the French and British tax credits and the simultaneous collection of employment income and solidarity benefits, as is the case with the *Assurance de Solidarité Spécifique* (ASS) in France. The study of national statistics permits to overcome these difficulties up to a point by cross-checking with other sources. It can thus be seen, in the case of our research fields, that a harmonised statistical

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33 "These target groups concern the unemployed, employed at risk, inactive and registered job-seekers. Other more specific categories are sometimes also considered, such as youth, the disabled or older workers. The database uses a narrow perspective on LMP which does not include general schemes or measures targeted at low-wage employees", Moncel N., Ruivo M., Fravega E, (2004) "A Work-Welfare Nexus at the Heart of the Social Construction of Employment: New Perspectives on Labour Markets Changes and Social Exclusion" in Bernadette Clasquin et alii (eds.), *Wage and Welfare: new perspectives on employment and social rights in Europe*, Brussels, P.I.E.-Peter Lang, p.58.

production at European level is not necessarily compatible with national statistical systems. In this context, comparison presents major difficulties, and necessitates going back and forth between national and European statistics.

The incompatibility between harmonised and national statistics, however, does not create a contradiction in the objectives they pursue. The construction and recording of wage relation norms is not in contradiction with the persistence of national statistical systems. European and national statistical systems have different objectives, and the information produced is not necessarily intended to be used for the same purposes. Generally speaking, statistics developed at national level are more concerned to produce as accurate a representation as possible of the range of situations and characteristics of the labour force with regard to the labour market. European statistics are constructed with a different perspective and with a two-fold concern: to ensure a certain degree of comparability between national data through harmonisation and to provide the Commission with the means to create norms.

The purpose of this work on the meaning of European statistics was to relativize their contribution to our research task. In particular, the question we sought to address was whether national data can provide important insights into information already disseminated by harmonised European databases and, thereby, enhance comparability across countries regarding implementation of labour market and old-age pension policies.

## **2.2. Potential and limitations of harmonised databases**

In order to identify the changing structures of resource flows over the last years, it was necessary to undertake a comparative analysis between countries using a cross-timing approach. To do so, the following harmonised databases were analysed in terms of their potential and limitations:

- Eurostat, European Labour Cost Survey (1);
- Eurostat, European Community Household Panel (2);
- Eurostat, ESSPROS, Expenditures and Receipts (3);
- Eurostat, Labour Market Policy Database (4);
- OECD, Social Expenditures Database (SOCX) (5).

One problem that presented particular difficulties was the statistical identification of compulsory monetary transfers, considered to be a major category of resource flows for the overall project. Data were selected from databases 1 and 3 to measure social



protection resource flows that could be associated with compulsory monetary transfers in the RESORE countries. Database 1 permitted to identify some compulsory monetary transfers (statutory and conventional employers' social security contributions) that finance certain detailed risks. However, since the data are focused on companies, they do not permit to assess macro resource flows. Data on the structure of labour costs per employee show a grouping of countries on the basis of the level of direct remuneration. A high level is linked to the financing of social protection by taxation.

The ESSPROS classification of types of social protection receipts (database 3) does not provide access to direct or complete information on compulsory monetary transfers such as taxes and social contributions, but seemed to be the best available. The analysis of different ESSPROS types of receipts proved very useful for identifying trends of change in resource flows and indicated possible modifications in the resource regimes. These modifications are often not general but concern particular functions, such as old age pensions or health, which cannot be seen in these aggregate statistics. Complementary national information is always necessary to understand underlying causes. The characterisation of the resource flows in the 1990s was completed with ESSPROS data on benefits expenditure detailed by groups of functions, cash and kind, means-tested and non-means-tested.

These harmonised data permitted to trace a broad quantitative overview of social protection resource flows, but the picture obtained was clearly incomplete. Quantitative indicators used in the leading works on welfare states, social protection, resource flows and resource regimes, pensions, labour market policies and subsidised employment were researched. Drawing on these readings, we built a simple scheme to permit identification of some of the ongoing transformations in resource regimes. The aim was to illustrate such transformations in line with some relevant shifts occurring in social protection, and how these shifts could be accounted for in a quantitative manner. The scheme combines *Motivation* – a question or trend identified in the literature that may have an impact on the structure of resource flows - and a set of variables proposed in our analytical framework: (i) *Financing*, (ii) *Benefits*, (iii) *Conditions of Entitlement* and (iv) *Management* of social protection schemes - to characterise the changes in resource regimes that are expected to be induced by the identified shifts in social protection. This structure, while broader, allows for interaction with other typologies, such as Esping-Andersen's de-commodification index. These complementary typologies help to better describe the above-mentioned variables.

The indicators and data for measuring changes in resource flows and the populations concerned in the field of pensions and subsidised employment were researched in the

reports of international bodies, such as OECD and EU, with particular attention to the bodies in charge of policy co-ordination, under the Open Method of Co-ordination, such as Social Protection and Employment Committees. The majority of the comparative studies surveyed used indicators and data from harmonised databases, namely Eurostat and OECD. The categories used, such as the distinction between private and public, or market and non-market, are viewed critically within the RESORE network. In addition, the different theoretical approaches under debate in the group had strong implications for the definition of the research object and posed serious difficulties in the choice of indicators.

Another objective was to link labour market developments and the nature of resource flows. Most labour market policies transform resource flows by subsidising employment in various ways. The assessment of resource flows and populations concerned by subsidised employment was a main research task. Nevertheless, the category of subsidised employment (SE) raised severe difficulties.

Based on the French experience, the initial definition of SE applied to measures introducing both a reduction in total labour cost and a shift in the cost from employer to the state, through tax-based resource flows. The definition was then broadened, with the proposal to consider SE as any kind of public intervention affecting the wage relation and resource flows or, more precisely an intervention that, by reference to a *wage norm* has implications such as reduction of resource flows, integration of resource flows and creation/shifting of a new standard norm of work and of resource flows (Fravega, 2004<sup>34</sup>). The conceptual ambiguities and limitations of this approach have been highlighted, namely by Harvey (2004)<sup>35</sup>. These types of state intervention were associated with Labour Market Policies (LMP) in broad sense, both for the traditional target groups and for low wage workers and beneficiaries of state social and fiscal policies. The quantity and variety of policy measures that needed to be included raised considerable difficulties for empirical research, namely quantification. Policies impacting direct and indirect remuneration are multiple: wage subsidies, subsidies to employers as incentives to employment or direct job creation, tax credits and social assistance allowances, reductions of social security contributions that may or may not be compensated by the state, new forms of employment statuses explicitly reducing social contributions, instituting low wages and reduced rights to social benefits, use of social security contributions in activation policies instead of (passive) benefits, etc.

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<sup>34</sup> Fravega, E., (2005) 'Actors and institutions in the field of subsidised employment: national analysis, divergences and convergences', September, available on the website.

<sup>35</sup> Harvey, M., (2004) 'Theoretical Perspectives and First Empirical Results. The Wage as an Articulation of Rights over Resources: Transformations, Crises and Institutionalisation', December.

In order to estimate (even quite roughly) the volume of SE, we accounted for the volume of public funds transferred to the employees holding such jobs and the number of individuals occupying the corresponding subsidized jobs. This was done for the reference year 2003 to provide an instant snapshot allowing comparisons between the network countries. In the research process, each national team had to decide what to consider as SE<sup>36</sup>. They had to select measures among those reported in the Eurostat Labour Market Policy Database and among the relevant national policies. For the latter, national sources were used, and reports with inventories of measures and the corresponding descriptions and data were delivered. This process produced inconsistent results (the same type of measure classified differently by different countries) revealing the difficulties of operating the category of SE.

An examination of all the information gathered revealed that the most important findings are related to the analysis of two key indicators: i) the proportion of the stock of participants in each SE measure in the labour force and ii) the proportion of public financing involved in each SE measure in the amount of public expenditure in active labour market policies as recorded in the Eurostat LMP database. It is quite clear that the most important (group of) measures are tax credits in the UK, mini-jobs in Germany, general measures for the exemption of employers' social contributions and *Prime pour l'Emploi* in France. They are strikingly more important than the targeted LMPs recorded by Eurostat.

These findings (in line with those produced within other research tasks), highlight the core role of policy measures that concern broader populations than a particular target group. This led to a final exercise of constructive criticism of the existing Eurostat Labour Market Policy database. RESORE abandoned the category of subsidised employment, on the grounds that it proved inadequate for the study of changes in resource flows or the ongoing restructuring of the labour markets.

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<sup>36</sup> SE is not an explicit category adopted by the national statistical systems – only in France is the category *Emploi Aidé* an explicit category used by the Ministry of Employment (MES-DARES: *tableau de bord des politiques de l'emploi*). At the level of harmonized statistics, OECD (Employment Outlook, from 1992 to 2003) adopted a typology until the reference year 2001. For 2002 onwards OECD adopted another classification of measures, very close to the one used by Eurostat, where SE does not figure (OECD, 2005). Subsidised Employment (*Mesures d'aide à l'embauche*) included “target measures to promote or provide employment for unemployed persons and other groups specified as labour market policy priorities (other than youth or disabled)” (OECD, 1992). It is composed of a) subsidies for regular employment in the private sector, b) support of unemployed persons starting enterprises and c) direct job creation (public or non –profit). The category of Subsidised Employment is not explicitly adopted by the new Eurostat Labour Market Policy database, but we find the recording of similar measures under the headings of Start-up incentives, Direct job creation and Employment incentives.

With regard to pensions, we remained at the level of the analysis of harmonised statistics, namely ESSPROS data. Moreover, pension reforms are still too recent to provide reliable data and a further analysis would require simulation exercises that could not be done in the framework of the RESORE project.

### **2.3. Resource flows and populations concerned by labour market policies and pension reform: an open field for improving available statistical information**

In a research task devoted to statistical work, the main conclusions turn around the discussion of the statistical categories in use and the availability of data. Two broad domains were studied: labour market policies, and pensions.

Labour Market Policies (LMP) are interventions transforming the resource flows linked to employment; and at the same time they participate in the construction of new categories of workers. The Eurostat Labour Market Policy database, like its predecessor, the OECD Labour Market Programmes database, should then be the reference database. During the research process, this database was found to have many limitations, essentially linked to its scope. It was considered too narrow for our research purposes, and too narrow also for the official purposes of the database. In a paper entitled “Should Tax Credits be Included in Eurostat Labour Market Policy Database?”<sup>37</sup> Ana Paula Ribeiro and Margarida Ruivo argue in favour of a broader scope for the Eurostat database. They address the question of why some national employment measures should be accounted for in the widely used Eurostat Labour Market Policy (LMP) database. The examples chosen were measures such as tax credits in the UK and France, but other measures could also be mentioned. Tax credits are explicitly targeted to the labour market, aim at improving its efficiency and undoubtedly benefit particular groups. The LMP database has too narrow a scope to cover these measures or may even have deliberately left them out. Yet they have an important impact in terms of participants and expenditure involved, and appear to fit the broad objectives of the European Employment Strategy (EES).

Eurostat launched the construction and the publication of the Labour Market Policy (LMP) Database in 2000 with 1998 data. According to the European Commission –EC- (2000, p. 3), this database intends to record labour market expenditure and participants and “aims to provide *comparable data* for the follow-up of some aspects of the Employment Guidelines whilst taking into account *national specificities (...)*”. Moreover, the scope of the LMP database is defined as including policy measures identified with “*Public*

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<sup>37</sup> Ribeiro, A. P. and Ruivo, M., (2005) “Should Tax Credits be Included in Eurostat Labour Market Policy Database?”, November, available on the website.

*interventions in the labour market aimed at reaching its efficient functioning and to correct disequilibria and which can be distinguished from other general employment policy measures in that they act selectively to favour particular groups in the labour market."* (EC, 2000, p. 4)<sup>38</sup>. In summary, the LMP database aims at providing comparative data - on labour market policies, accounting for expenditure and participants involved – for the assessment of the follow-through rates of the Employment Guidelines in EU member states. In particular, the database was required to record policy measures:

- taken by general government and involving expenditure, whether in the form of actual disbursements or of foregone revenue (*e.g.*, reductions in taxes, social contributions);
- explicitly targeted in some way at groups of people experiencing difficulties in the labour market (target groups) and not general employment measures.

Broadly, the EC (2000) defines target groups as including the unemployed, people in employment but at risk of involuntary job-loss, and inactive persons who are currently not part of the labour force but who would like to enter the labour market and are disadvantaged in some way. In the case of tax credits, we focused on the unemployed and inactive, and, for the UK, the detailed target groups referred to as "re-entrants/lone parents – persons with difficulties in returning to work after a period of inactivity, and single men or women with children who need assistance – financial or otherwise – to be encouraged to work" (EC, 2000, p. 19). These measures are explicitly targeted towards low-wage, low-income workers, disadvantaged persons that the narrow definition of target groups in the LMP database fails to include.

The LMP database also aggregates policy measures by type of action, that is, according to the way the measure acts to achieve its goals (EC, 2000, p. 5). The data on expenditures make a clear distinction between active and passive measures. The latter include Out-of-work Income Maintenance and Support (unemployment benefits, redundancy and bankruptcy compensation) and Early Retirement. Active measures comprise a wide variety of schemes: some provide counselling and training to improve the employability of the unemployed and other target groups (categories 1 and 2), while others seek to facilitate the integration of individuals into the labour market (categories 3 to 7). Among the active measures, Employment Incentives (category 4) and Direct Job Creation (category 6) are, on average, the most representative in the European Union in terms of expenditure and of participants involved. Because of its relevance to the

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<sup>38</sup> European Commission (2000), *Labour Market Policy - Database Methodology*, April, 2002 Edition.

discussion in the sections below, we detail the qualitative description of the Employment Incentives: besides employment maintenance incentives, they include recruitment incentives encompassing "programmes providing incentives for the creation and take up of new jobs" (EC, 2000, p. 11).

We propose to detail the UK tax credits and the French *Prime pour l'Emploi* (PPE), and suggest that the general government resources allocated to them should be (but are not) accounted for in the LMP database. We argue that these are policies designed to improve labour market efficiency and that meet several of the general objectives of the European Employment Strategy, as well as those of the specific Employment Guidelines adopted. Furthermore, these policies are targeted at specific disadvantaged groups in the labour market, and broadly fit the requirements to be included as Employment Incentives. This line of argument is reinforced by the relevance of these policies in terms of the expenditure involved and number of participants (see table below). Since the aim of the LMP database is to provide comparative data to assess follow-through rates of the Employment Strategy, the absence of this information leads to biased monitoring analysis, in particular with regard to the relative weight of active vs passive measures. In the list of indicators adopted to monitor the Employment Guidelines, only the "LMP expenditure/GDP" ratio is collected from the LMP database; even the follow-up of participants in active measures relies on national data sources (The Employment Committee, 2004<sup>39</sup> and EC – E&SA DG, 2004a<sup>40</sup>). Moreover, the LMP database publications are used widely in both official and academic studies, and thus possibly lead to inaccurate results in assessing the functioning of the labour market (*e.g.*, European Commission, 2004b).<sup>41</sup>

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39 The Employment Committee (2004), Conclusions of the Employment Committee on the Indicators Group's report on the indicators to be used in the Join Employment Report.

40 European Commission (2004a) - Employment and Social Affairs DG, "Indicators for monitoring the Employment Guidelines, 2004-2005 compendium", Employment Strategy, latest update 02/12/2004.

41 European Commission (2004b), "Key determinants of labour market performance", Employment in Europe 2004, ch. 2.

### Brief outlook of the relative importance of tax credits

	Measure	Number of participants (million)	Participants in % of the labour force (1)	Public expenditure (Euro million)	Public expenditure in % of total Eurostat's ALMP expenditure (2)
<b>FRANCE</b>	Prime pour l'emploi	8.3 (A)	25% (C)	2.221	17 %
<b>UK</b>	WTC NWorking Tax Credit (April 2003)	2.3 (B)	7.6% (B)	13.910	543 %
	CTC NChild Tax Credit (April 2003)	6.9 (B)	23.1% (B)		

Notes:

(A) Number of tax households beneficiaries (Source: Ministry of the Economy, Finance and Industry; General Tax Directorate, Forecasting Directorate Analysis, in National Action Plan for Employment, France, 2004, p. 154).

(B) Own estimations based on the number of persons covered: couples (2 persons) plus single-person households (Source: Inland Revenue (2003), Child and Working Tax Credits Quarterly Statistics, London, ONS, July).

(C) Tax household beneficiaries/Total tax households.

(1) Source: European Commission (2005a), Employment in Europe 2005 - Recent Trends and Prospects. Luxembourg: Office for Official Publications of the European Communities.

(2) European Commission (2005b), European Social Statistics: Labour Market Policy Expenditure and Participants - Data 2003. Luxembourg: Office for Official Publications of the European Communities; total of categories 2-7.

We conclude that, as a labour market policy, tax credits have far too much impact to be neglected by the harmonized European statistical system. In the same line of reasoning, other very important measures should be included. This is the case for general measures granting reductions of employers' social security contributions in France, targeted at low-wage jobs. They fit in the EES as expressed in the National Action Plans for Employment (NAP) and official documents. They concerned 10.1 million persons in 2003<sup>42</sup>,

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<sup>42</sup> Source: ACOSS, in French NAP 2003.

representing 37.3% of the labour force. The corresponding public expenditure is 15 500 million euros<sup>43</sup>, representing 119% of the registered expenditure in ALMP<sup>44</sup>. Their effects on employment have been clearly stated in an abundant literature. Many other policies<sup>45</sup> in the EU countries should be carefully analysed with the same purpose – should they be included?

The choice of the scope of a database is complex. Labour market policies are undergoing considerable transformations, supported by the EES, making it more difficult to distinguish between employment policies, welfare policies and fiscal policies. The distinction between an active and a passive measure also warrants debate, beyond its normative function. The substantial intervention of the State in the institution of labour markets and the large volumes of resources of different origins that flow through the wage certainly make it difficult to precisely define what is a labour market policy and what is an active measure. However, the narrow scope of the Eurostat LMP database and its misuses contribute little to the understanding of the ongoing transformations.

Other labour market policy measures were identified by the RESORE partners as having similar results and policy implications to the tax-credits. Measures such as the Co.co.co in Italy, mini and midi-jobs in Germany, and the general measures of employer's social security contributions exemptions in France were also identified but were not exhaustively studied within the research group. These are also significant measures in terms of participants and public spending. Moreover, there are without doubt measures in other OECD countries excluded from our network, whose political and statistical impact would be of relevance to an evaluation and comparison of the implementation of labour market policies across countries.

In the field of pensions, the identification and measure research task focused mainly on the limitations of the statistics delivered by Eurostat, with suggestions for improvements<sup>46</sup>. The "pension reforms" research task proposed a new typology of retirement pensions (*deferred wage*, *old-age savings*, *tutelary allowance*, *corporatist pensions*, *public-service pension* and *socialized-wage pension*) in order to express the most important goals and consequences of the ongoing reforms in terms of rights over

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<sup>43</sup> Source: ACOSS; ACOSS Stat n° 27, July 2005.

<sup>44</sup> Categories 2-7, in European Commission (2005b), *European Social Statistics: Labour Market Policy Expenditure and Participants - Data 2003*. Luxembourg: Office for Official Publications of the European Communities.

<sup>45</sup> See the examples in Fravega, E. and Queirolo Palmas, L., (2005) 'Mutation dans les Relations entre Emploi et Protection Sociale. Une Lecture à travers des Mesures Phares dans 8 Pays Européens', June, available on the website.

<sup>46</sup> See the paper 'Statistical Measures on Pension Reforms', Quelhas, A. - P. and Ruivo, M., November 2005, available on the website.



resources. Reforms are complex and varied in each country. They have introduced new sources of resources and changed the relative role of each source of financing, creating new entitlements or rights and changing old ones, and creating new forms of linkages between the sources of the resources and entitlements. They have also impacted the relative power of actors over the management of pension systems. It is a complex task to develop a harmonized system of concepts able to quantitatively describe this complexity correctly.

Two main sources of Eurostat data are relevant for pensions: ESSPROS (European System of Integrated Social Protection Statistics) and Structural Business Statistics (SBS). ESSPROS are the main sources of information providing financial data – expenditure and receipts - for pensions of the first and the second pillar. The third pillar, consisting of non-statutory private arrangements is out of the scope of ESSPROS. For the purpose of the project and concerning expenditure, the high level of detail of the selected categories by ESSPROS allows to distinguish between several types of pensions and clearly identifies those related to old age. Furthermore, the old age function is clearly identified, comprising not only pensions but other old-age benefit expenditures, such as care and accommodation. Excluded from the old age function are expenditures on housing and healthcare. To have a complete picture of the social expenditures devoted to old age, it would be necessary to estimate the share of these two kinds of expenditure. The greatest limitation of this collection of financial statistics concerns the recording of receipts. Social protection receipts are only available for all social protection schemes taken together and the specific funding of old age pensions remains unavailable.

Data on the number of pensioners detailed by gender and several (seven) pension categories are not yet available, but they were collected for 2000 and 2001<sup>47</sup>. They will be essential for analysing the evolution of pension expenditure. Current ESSPROS data are not sufficient for a complete characterisation of pension systems according to the RESORE line of enquiry.

In ESSPROS the statistical unit is the scheme. The ESSPROS Manual 1996 proposes a number of characteristics which can be freely combined to produce different groupings of social protection schemes<sup>48</sup> (§46). The criteria are the following (p.21):

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47 “Pensions in Europe: Expenditures and beneficiaries”. Statistics in Focus, n° 8/2004.

48 A social protection scheme is a distinct body of rules, supported by one or more institutional units, governing the provision of social protection benefits and their financing. (§40). The definition calls for further clarification: (i) social protection schemes should at all times meet the condition that it must be possible to draw up a separate account of receipts and expenditures; (ii) Preferably, social protection schemes are chosen in such a way that they provide protection against a single risk or need and cover a single specific group of beneficiaries (European

- Decision making (public, private).
- Legal enforcement (compulsory, non-compulsory).
- Establishment of entitlements (contributory, non- contributory).
- Scope (universal, general, special).
- Level of protection (basic, supplementary).

However, no information on receipts, expenditures or beneficiaries is available by scheme. Information by type of receipts is not available for each scheme, but only for all schemes grouped together. Their publication would be very useful. Similarly, a presentation of receipts, expenditure and persons concerned by type of scheme following the five criteria listed above, would be very helpful. Other criteria should be added in order to distinguish between (i) PAYG pensions and funded pensions; (ii) types of pensions according to method of calculation of the level of the pension (flat rate, proportional, defined benefit, defined contribution...). Information by gender should also be added. Given the importance that EU studies and reports generally give to the organisation of social protection in pillars, which is clearly a prescriptive rather than a descriptive typology<sup>49</sup>, it is quite surprising that ESSPROS does not make such data available<sup>50</sup>. The clear identification of the pension funds of the third pillar is fundamental to evaluate the present and expected share in the caption of resources. The favourable tax regimes aimed to encourage old age private savings should also be seen as a resource of pensions, because they represent a burden on public budgets. These data are usually not available.

Structural Business Statistics (SBS) is another source of Eurostat information related to pension funds. Data can be found in the Main Queen Tree under the heading "Industry Trade and Services". A Eurostat publication, *Special Features on Pension Funds, Data 1997-2000*<sup>51</sup>, includes statistics on supplementary pension funds, by autonomous

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Commission, 1996, ESSPROS Manual 1996, Luxembourg: Office for Official Publications of the European Communities, 114 p, Eurostat.).

49 OECD (2005), Pensions at a Glance. Public Policies across OECD Countries, Paris, p. 22.

50 The World Bank perspective on pension reforms was reviewed and updated in the report Old-age Income Support in the 21st Century: an international perspective on pensions (2005), by R. Holzmann, R. Hinz et al. Two more pillars are added to the three proposed in the 1994 report Averting the old age-crisis: a zero pillar, aimed to deal more specifically with the questions of poverty, and a fourth pillar to account for social policy in a broad sense, including family support, health care, and housing.

51 European Commission (2002), Special Features on Pension Funds, Data 1997-2000, Eurostat, p. 12.

pension funds<sup>52</sup>. They are still very incomplete, coverage is still insufficient and unequal within countries, and trends must be analysed carefully because of changes of methodology during the period of analysis<sup>53</sup>. The distinction between defined benefit, defined contribution and hybrid schemes is adopted. A major problem remains of how to integrate this partial data in a complete picture of each national pension system. ESSPROS also deals with pension funds of the second pillar, but this information is not communicated separately. Thus, statistics on pension benefits from the ESSPROS database should not be compared with SBS statistics on autonomous pension funds as both databases use different methodologies and are not yet harmonised<sup>54</sup>. Statistics delivered by national authorities are likely to be more reliable.

Finally, projection exercises are needed to estimate the effects of reforms. A very useful method, but involving fairly complicated calculations, is to simulate the impact of different pension regulations on the level of pensions at the time of retirement for different workers' typical careers. Comparing simulations for different regulations permits to isolate the effect of reforms<sup>55</sup>. The comparison between cohorts is also necessary to show how each generation is affected by a specific measure and how much time it has to react before reaching retirement age.

Most of these studies are conducted *ceteris paribus*, isolating the effects of the new rules without taking into consideration possible changes in other policies or behavioural constraints. Behavioural issues are one of the most difficult things to deal with, because there is no relevant information in this field, but it must be expected that the populations targeted by the reforms may change their attitudes in order to minimize the effects or to take advantage of those reforms.

### **3. Societal logics of linkages between resources, rights and employment**

This research task was set up in order to highlight changes in the institutions and actors that construct and constitute the linkages between resources, social rights and employment. Its first aim was to identify and analyse the national contexts in which pension reforms and the emergence of subsidised employees take place. In addition, it

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<sup>52</sup> "Their purpose is to collect funds from voluntary/compulsory members, to manage these funds and to pay retirement benefits to its members. Such entities are always linked to an occupation and aim at complementing the compulsory social security system." p.4.

<sup>53</sup> For example, in Spain, pension funds include individual, occupational and associated pension schemes. The three of them are taken into account in the EUROSTAT pension funds statistics, as they cannot be separated out. Also for Portugal, statistics of occupational and individual schemes are covered together, according to European Commission, (2002), *idem*, p.81.

<sup>54</sup> This is stressed in European Commission (2002), *idem*.

<sup>55</sup> Benallah, S.; Concialdi, P.; Husson, M., Math, A., (2004), 'Retraites : les scénarios de la réforme', *Revue de l'IRE*, n° 44, 2004/1.

was designed to complement the preceding task of identification and measurement. Finally, together with all the other empirically based research tasks, it aimed at contributing to building the theoretical framework described earlier: the study of societal logics was designed to provide a basis for the empirical studies on pension reforms and subsidised employment from the point of view of policies on resources and their composition.

The focus of the task was thus to grasp the way in which power is exercised over resources within national spaces and in connection with the construction of Europe<sup>56</sup>. As in the case of the other research tasks, various productions of a cumulative nature were discussed within the network and led to a set of outcomes<sup>57</sup>. The line of enquiry concerned both European level and national configurations (for the partners' countries). The final goal was to address the articulation between these two levels regarding actors and institutions dealing with employees' resources and social rights. Thus, the content of the outcomes for this research task was developed around three main axes:

- Identification of the social actors involved in the definition and management of resources funding social protection.
- Identification and description of the role of national and international trade unions in European bargaining processes.
- Links between national and European levels in the fields of employment and social rights.

### **3.1. Comparing the incomparable**

Analysing societal configurations and their interaction with the European process through the reforms introduced is a novel approach to the problem of international comparisons. Indeed, it is not sufficient to observe common trends or differences or to limit the scope to a comparison between countries, particularly for changes where the impact of the acceleration of European construction needs to be understood. The question raised is thus that of the transformation of the spaces where resources are determined – in this case, the wage and social rights. Societal logics combine the socio-economic and political aspects of reforms affecting employment and social protection; they are historically constructed both within a national framework and also, although under different political and organizational conditions, at European level. These different logics produce new

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<sup>56</sup> These objectives were organised in a work package under the responsibility of Joan Miquel VERD PERICAS and the Spanish team *Centre d'Estudis Sociològics sobre la Vida Quotidiana i el Treball* (QUIT).

<sup>57</sup> See the papers available on the RESORE website.

institutional forms and necessitate a re-examination of tensions, in particular, where we are concerned, the tensions linked to wage conflicts and the employment relation.

The adjective “societal” derives from a school of thought in international comparison based on the work of Maurice, Sellier and Sylvestre (1982)<sup>58</sup>. This school opened up a field of enquiry with the aim of attempting to “compare the incomparable”. The starting point was the idea that the phenomena to be compared are located at the intersection between different systems which are present with varying degrees of coherence within a given space. These systems are historically constructed and are to be taken, not separately, but together to configure what the authors identified as “societal coherence”. Thus the wage and social rights or employment and social protection cannot be analysed without taking account of the political, economic and social systems which had constructed them in a national framework and which now construct them in a supranational framework with its own specific characteristics. Rather than “societal coherence”, we prefer the term “national configuration”, which permits the mutations (public policies as well as socio-economic changes) of the different systems present to be apprehended together. The difficulty then lies in the interpretation of the forms taken by common trends in national spaces and the discontinuities provoked by the national/Community relation.

There have been numerous criticisms of the seminal work by Maurice, Sellier and Sylvestre, particularly regarding its rigid and static character -see for instance, Labit and Thoemmes (2003)<sup>59</sup> or Marry (2003)<sup>60</sup>- but it has had the merit of problematising and re-framing international comparisons and paving the way for a new ‘societal sensibility’. This ‘societal sensibility’ has been adopted in a number of methodological proposals. It is echoed in the reflections of Lallement and Spurk (2003)<sup>61</sup> suggesting a more interpretative and comprehensive (and less explicative) comparative sociology. Also the proposal by Barbier (quoted by Khristova and Moncel 2004)<sup>62</sup> to use “functional equivalents” instead of objects/phenomena belonging to different national realities that may appear similar (in a de-contextualised approach) is in line with the societal

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<sup>58</sup> Maurice M., Sellier F., Sylvestre J. - J. (1982) *Politique d'éducation et organisation industrielle en France et en Allemagne. Essai d'histoire sociétale*. Paris, Presses Universitaires de France.

<sup>59</sup> Labit, A.; Thoemmes, J. (2003) “Vingt ans de comparaison France-Allemagne: de l'effet sociétal à l'analyse de l'articulation des régulations globales et locales”, in Michel Lallement and Jan Spurk (dir.), *Stratégies de la comparaison internationale*. Paris: CNRS Editions.

<sup>60</sup> Marry, C. (2003) “Pour le mélange des genres dans les comparaisons internationales”, in Michel Lallement and Jan Spurk (dir.), *Stratégies de la comparaison internationale*. Paris: CNRS Editions.

<sup>61</sup> Lallement M., Spurk J., (eds.) (2003) *Stratégies de la Comparaison Internationale*, éditions du CNRS, Paris.

<sup>62</sup> Khristova, A.; Moncel, N. (2004), ‘Approche comparative de l'impact des politiques d'emploi subventionné sur l'articulation entre emploi et protection sociale en Europe, juillet, available on the website.

approach. In a different way, the refusal by Marsden (1999)<sup>63</sup> to refer to “national institutional” effects to explain different national employment systems in favour of analysing the transaction rules at the basis of labour contracts poses the same questions.

As Marry (2003) points out, there is no “one best way” to do comparative analysis. Moreover, as emphasised by Khristova (2006)<sup>64</sup>, the choice and the terms of comparative analysis are linked to the object to be compared and the theoretical framework chosen. It was thus necessary to refer to different national and Community sources of information in order to grasp the different forms taken by employment and social protection reforms, as will be seen later. These sources are not exhaustive; and priority was given here to the study of the actors, their discourse and the historical sources of the changes observed. From this point of view, the innovative aspect of our approach lies in the apprehension of societal logics through trends of change and the identification of functional equivalents.

The question of comparative analysis involved the entire research project; the particular focus of the research task on societal logics was to examine, over the past three decades, the overall changes affecting resources and social rights through specific examples, as well as the positions of the different actors, and in particular, the union actor at national and European levels. The aim was to understand, from the point of view of the union actor, the impact of reform trends. The European level was initially approached as relatively autonomous in order to draw out the reciprocal influences between the two levels; it is important to remember that the one includes the other. European decisions, which in the final analysis are made by national actors, pass through diverse channels, such as the Open Method of Coordination or the European Court of Justice<sup>65</sup>. These decisions also construct national spaces. Our hypothesis thus, following Khristova (2006, p. 17), is that “differentiated societal coherences produce tendentially common effects at the supranational level”. The national and European spaces are thus open in relation to one another.

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<sup>63</sup>. Marsden, D. (1999) *A theory of employment systems. Micro-Foundations of Societal Diversity*. Oxford University Press.

<sup>64</sup> Khristova, A. (2006) Problèmes théoriques et méthodologiques des comparaisons internationales et détermination nationale/supranationale des objets comparés, cahier du GREE, Nancy, France, forthcoming.

<sup>65</sup> See Gobin C., Coron, G., Dufresne A., (2004) The European Union. Reorganising Resources: Employment, Pensions and the Wage, Chapter 6 in Clasquin B. *et al.* (eds.) *Wage and Welfare; new perspectives on Employment and Social Rights in Europe*, PIE Peter Lang.

### 3.2. Methodology: analysing resources, actors and discourses

We have seen that an international comparison is not a tool, but that it marks social sciences in the same way as experimentation marks the exact sciences. It participates in the construction of the object and the distancing required for theoretical development. But it remains an overall research strategy that, in the research presented here, drew on different angles of approach required by the process of objectivation.

- An approach of a historical nature mobilising different secondary sources and interviews of actors permitted to seize the reforms as events rooted in national histories, and the actors in their evolution (political points of departure of the reforms, European Industry and sectoral federations, reforms of bargaining rules).
- An approach drawing on the particular competences of the participating teams permitted to apprehend the composition and evolution of the wage and social rights. Numerous exchanges between the team in charge of this research task and the different partners were needed to understand the phenomena studied. Numerous documentary sources were mobilised at both national and European levels. In this case, they were thus quantitative and qualitative secondary sources concerning particular measures, employment systems and social protection.
- Discourse analysis drawing on the competences of the Belgian team and its previous studies permitted to work on the question of discourse. As we will see below, a large corpus was mobilised, both previously and for the present research, which permitted, among other things, to work on representations forged by European discourses.
- Finally, semi-directive interviews of national union actors were conducted in each country; the main objective of this task was to confront our hypotheses with the actors' points of view. Some 60 interviews were conducted with unionists in charge of pension and employment questions in the major national union organizations and at European level (ETUC, European Sectoral Federations and the Doorn Group) and national civil servants sitting on European committees (Economic Policy, Employment Committee and Social Protection Committee); the latter were considered as "*passeurs*"<sup>66</sup> between societal coherences. This task was common to the different work packages. We may note that, given the ambition of this research task, the size of the international research group, the number of countries studied

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<sup>66</sup> Ferryman - and women - could be a possible translation into English.

and the combination of various methodological tools, the results do not claim to be exhaustive or homogenous. One of the limitations of this work lies in the interpretation of the documents given the conditions of production and language differences. Moreover, the heterogeneity of the interviewees and interview styles mean that the material gathered cannot be considered as more than providing accounts. This highlights very concretely the incomparability of discourses outside of the societal configurations they reflect.

### **3.3. Main results: more state, less employers and the changing role of unions**

Three years of research have permitted to prepare the ground for an apprehension of the logics governing the recomposition of resources and social rights within each particular societal space. As a general rule, beyond historical differences that can lead to contradictory interpretations, there is a strong convergence of the changes in the wage/social rights relationship that have taken place over the last two or three decades. There has been a visible change in the role of the State in both Beveridgean and continental countries, in that it has come to play an increasing part in financing social protection and regulating savings. In the majority of the countries at both local and national levels, it ensures part of the management of the workforce, in particular with regard to putting people to work. Even in countries where this was not the case, governments have become the key interlocutor for the union actor. Thus, an institutional architecture of labour market regulation exists in many local spaces.

The empirical studies conducted in the framework of this research task have opened new perspectives on the relationship between the transformation of resources and power over resources.

#### **3.3.1. Changes in employees' resources and social rights: increasing state participation in the financing of social rights, and decreasing employers' contributions**

The analysis of the changes in employees' resources and social rights has been addressed from a comparative and a general point of view. The analysis of statistical data for the period 1991-2000 highlights some broad patterns of change (with particular exceptions), such as the increase in government participation in financing social protection (with a parallel reduction in social contributions) and (to a lesser extent) a convergence of total receipts allocated to social protection: these are reduced in countries with higher levels of receipts (%GDP) and increased in countries with lower levels. Statistical data provide some insight into changes in resource flows but not in



resource regimes as data are not detailed enough. Qualitative information gathered during the research permitted to formulate a hypothesis concerning changes in resource regimes, although the level of generality is quite broad for this research task; however, more detailed information was collected to channel this objective and feed the theoretical framework in the fields of pension reform and subsidised employment. It may be added that the identification of the different components of each country's societal logics regarding social protection and the wage would require more time and remains to be done in a more exhaustive way.

Statistical data show the changes in resource flows. It appears that the different configuration of resource flows (and of resource regimes) can be attributed to distinct societal configurations of employment relations (relationships between employers, employees and the state) and institutions of wage definition (Harvey, 2003, p. 27-28; Carpenter and Jefferys, quoted by Moncel, Ruivo and Fravega, 2004, p. 68)<sup>67</sup>, and that the history of the wage relation explains the continuities in the models. The information collected by the partners has been analysed to further explain these processes of change. In Bismarckian countries, as a general rule, there is an erosion of employment-related social rights. The United Kingdom has seen an increase in means-tested benefits and a tightening of conditions for contributory benefits. Are the quantitative and qualitative changes in resource flows thus part of a common trend? To better grasp these transformations, Harvey (2003 p. 31) stated that "an instituted economic process view of resource flows suggests that there are different institutional channels through which claims on societal resources can be established". Thus workers' claims on resources could follow different paths, whereas reforms seek to reverse and sometimes revoke the "liberating dynamics of the socialised wage and public insurance" (Friot, 2004, p. 14)<sup>68</sup>. Here the question remains of the level of the new set of resources and the shift in status or social legitimacy they confer on workers compared to the previous systems (socialised wage or public insurance).

These changes in resource flows can be understood as a consequence of the wage confrontation and more specifically as part of a general pressure towards the reduction of labour costs. The counterpart to the increase in state financing of social protection is a

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<sup>67</sup> Harvey, M. 2003. *The Historical Formation of Resources, Rights, and Rights-Holders. The Example of Pensions*. Draft paper for the Bonn RSORE Workshop and Moncel, N.; Ruivo, M.; Fravega, E.; "A Work-Welfare Nexus at the Heart of the Social Construction of Employment: New Perspectives on Labour Markets Charges and Social Exclusion" in Clasquin et alii (eds.), *Wage and Welfare: new perspectives on employment and social rights in Europe*, Bruxelles, P.I.E.-Peter Lang, p. 49-74 2004.

<sup>68</sup> Friot, B. (2004). 'Libération ou subordination du travail dans les conflits sur le financement de l'emploi et de la protection sociale: l'intérêt d'une analyse des régimes de ressources'. Paper for the RESORE Utrecht Workshop.

reduction in company contributions, though this does not clearly apply for the Netherlands<sup>69</sup>. These changes can be seen as part of a more generalised wave of workers' defeats in the wage conflict, as seems to be the case with the emergence of subsidised employment. In some countries, labour costs have not been reduced in a homogeneous way, but for targeted populations. It is thus necessary to consider the specificity of employment structures, with their respective characteristics regarding inequality (based on gender, age or ethnicity)<sup>70</sup>.

When looking at the actors involved in national employment systems, most national reports point to political events of different natures; the most frequently cited are changes of government and the change in the economic cycle at the end of the 1970's. This historical analysis reveals two different periods of discontinuity: the first in the late 1970's and early 1980's, and the second in the first half of the 1990's. With regard to policies on employment and social rights, most of the measures were not limited to one particular country. Despite these common trends, each country follows its own reform process and the events triggering reforms are different.

In this context of political reform (and political struggle), societal differences appear to be crucial, since reforms are ultimately shaped by specific national systems of actors and institutions. In order to analyse these differences, the consequences of the implementation of certain measures in particular countries were analysed. They were chosen for the weight of taxation and the fact that they seem to constitute new social rights. These are: the *Working Tax Credit* (WTC) in the United Kingdom, the *Prime pour l'Emploi* (PPE) and the *Revenu Minimum d'Activité* (RMA) in France and the *Contrato para personas desempleadas en situación de exclusión social* in Spain.

The consequences in each country were different and of a different nature:

- First, tax resources allocated to workers who had lost their right to an unemployment benefit –or who never had that right– have been applied to stimulate employment via wage subsidies (i.e. to finance labour market policies). Spain is the only case where the nature of these resources changes completely, since the resources used for “activating” unemployed persons come from social contributions. Due to the linking of social protection to a concomitant labour market activity (in the case of the tax credit systems) or labour market activity to a

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<sup>69</sup> The weight of societal configurations cannot be ignored; it is not simply a context. The increase in receipts from employers' contributions takes place in a pattern of reduction of social protection receipts (% GDP); in terms of percentage of GDP these contributions could remain invariable.

<sup>70</sup> Moreover, in some cases, such as Italy, the construction of labour cost statistics (on the basis of companies) may hinder the real weight of employers' social contributions.

previous situation of social protection (in the case of the contracts analysed), the recipients are trapped in a situation of permanent poverty or in a continuous cycle from non-activity to activity (without leaving the situation of poverty). Moreover, when the wage subsidies go to employers, the employees themselves are the ultimate source of resources (this is clearer in the Spanish case, where the State does not cover the social contributions that are not paid by employers).

- Second, what is the role of the State in the process of re-commodification? Re-commodification is usually considered as intrinsically negative for workers. This is possibly a consequence of the positive view of de-commodification (i.e. having an acceptable standard of living outside the labour market) in Esping-Andersen's work. However, in the Bismarckian system, having a labour contract was (and still is) a *sine qua non* of entitlement to numerous measures of social protection.<sup>71</sup> The difference is that the present return to the market takes place in a context where asymmetric power relations between employers and employees are reinforced. The measures we analysed are aimed at recipients of means-tested benefits; this shows, in an even more striking way, the shift in the balance of power to the detriment of society's most vulnerable populations and the intensification of their exploitation. The measures also show that the process of re-commodification does not necessarily go hand in hand with deregulation. Governments change the 'rules of exchange' in the labour market with the introduction of new regulations. Indeed, the new rules intensify the asymmetry between employers and the low-paid class of employees targeted by these measures.
- Finally, in the specific case of tax credit systems, the analysis showed that having an employment contract is a prerequisite to entitlement to resources derived from taxation. This is a novelty in a context where the employment contract was intrinsically bound only to the resources coming from social contributions (this is what characterises the Bismarckian countries). Thus, the nature of the labour contract is changing in both Bismarckian and Beveridgean countries. As a consequence of the subordination of social policy to economic policy characteristic of the current capitalist state (Jessop 2002)<sup>72</sup>, labour contracts are used to perform political actions: activation policies, employability policies, income policies, training policies... Re-commodification does not mean intensification of the 'pure' market';

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<sup>71</sup> And these employment-based rights have a remarkably liberating force as we see in the *socialised wage* resource regime.

<sup>72</sup> Jessop, B. 2002. *The Future of Capitalist State*, Cambridge Polity Press.

in many cases it means that labour contracts carry a growing number of complex implications/responsibilities for employees (and perhaps fewer for employers).

However, all these changes have to be considered within national configurations<sup>73</sup>. The role of the measures we have analysed in the social protection systems is different for each country, and so are their effects. Similar measures have a different fitting in the employment and social protection systems. Thus the question of functional equivalents was crucial for both our fields of research (pensions and subsidised employment).

### **3.3.2. European actors and discourses and national historical configurations may change the role of unions and their power over resources**

The results are twofold: first, the role and interaction of discourses produced by European and national actors and second, the role of unions at national and European levels.

The EU plays an important role in the transformation of workers' resource flows; specific channels and resources influence national political decisions and vice versa. However, the political discontinuities described above and in national reports do not imply brand new political ideas; on the contrary, political reforms are based on ideologically constructed recipes for political action. Jessop (2002) emphasises the importance of discourse in the analysis of the capitalist state and acknowledges his debt to critical discourse analysis in his approach<sup>74</sup>. However, in the end, he does not devote much space to developing this issue.

While remaining aware of other influences on national realities, we chose to concentrate our work on the discursive influence of the EU, in particular on the discourses of national trade unionists. Critical discourse analysts argue that we are only able to understand, explain and evaluate a process if we can describe the discourse within which the practice occurs. This becomes even more important when the focus is on concrete political events. Here, discourse can have slightly different meanings. Foucault, on the one hand, defines 'discursive formations' as regular bodies of ideas and concepts which claim to produce knowledge about the world (Foucault, 1967, 1975)<sup>75</sup>. On the other hand, discourse can be understood as a 'story-line', a generative sort of narrative that allows

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<sup>73</sup> See national reports in annexe.

<sup>74</sup> Together with the regulation approach to the political economy and the work by Gramsci and Poulantzas on the state and politics.

<sup>75</sup> Foucault, M. (1967). *Madness and civilisation: A History of Insanity in the Age of Reason*. London: Tavistock; (1975), *Surveiller et punir*. Paris: Gallimard.

actors to give meaning to specific physical or social phenomena and that often simplifies and replaces complex disciplinary debates (Hajer, 1995; Mottier, 1999)<sup>76</sup>. This second sense can easily be used to describe the discursive framework of political confrontations in the struggle for legitimacy. In this case, the actors could be national employers' associations, EU civil servants, trade unionists, policy makers, and such like. Thus the question is to identify to what extent the actors involved in political struggle assume and/or mobilise a specific discourse (for instance on pensions). A shorter (but no less effective) way of imposing a framework of interpretation is by the use of incontrovertible and general statements that are imposed on every actor in the political arena. These statements were called "myths". They were analysed jointly with the group working on pension reform.

We chose six "myths" that form the discursive axioms of the EU and are disseminated by European institutions: States are sovereign in social security matters (1); Europe is facing a situation of shortage of resources (2); There is a need to find a balance between economic and social policies at the EU level (3); The ageing of the population in Europe, together with poor growth, reduces the availability of resources for pensions, and therefore reinforces the need for austerity in social protection expenditure (4); The three pillar system is the only way to guarantee the future of pensions, as it introduces a combination of financing modalities (5); Social security will be saved by increasing employment rates, particularly among women and workers over 55 (6).

These myths are a consequence of the foothold gained by neo-liberalism among European *élites* as well as the result of decision-making dynamics at European level, where consensus and the tendency to avoid conflict produce a homogenisation of political recipes and policies. The presence of the myths in trade unionists' discourses was analysed using the information obtained from semi-directed interviews of trade unionists in charge of pension and employment issues. These myths are highly diffused among trade unionists. Thus what is at stake is the erosion of rights over resources derived from wealth produced collectively by workers. As a consequence, the political status of workers has regressed (democracy) and there is a danger of justifying the attacks on the universalism of social rights and transforming them into principles based on "meritocracy".

The unions' response to these challenges depends largely on the strength of their national footholds. This is what determines their capacity for criticising a European

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<sup>76</sup> Hajer, M. (1995), *The Politics of Environmental Discourse*. Oxford University Press. And Mottier, V. (1999), "Narratives on National Identity: Sexuality, Race and the Swiss 'Dream of Order'". ECPR Joint Sessions Working Paper.

discourse that goes hand in hand with the implementation of concertation practices at the supranational level. These practices serve to institute the supranational level as the legitimate interlocutor, in the place of employers' organisations. Various factors have contributed to the attempt to transform the role of the union actor, even in countries where this role was taken over by a political party.

The comparison conducted between five countries (France, Germany, the U.K., Italy and Spain)<sup>77</sup> reveals the link between the historically constructed positions of the unions and the positions adopted on reforms affecting the wage and social rights. It also reveals the strong ties between these reforms and the reforms of bargaining rules. Thus these different systems of relations between the actors impact the conditions of the possibilities and the nature of the reforms under way, and vice versa. For example, in France, social-partnership management of social security institutions and a tradition of cross-sectoral bargaining appear to curb the decline of the socialised wage (particularly regarding the introduction of pension funds), for despite their structural weaknesses and divisions, the legitimacy of the unions remains strong. The way for reforms is thus paved largely through activation measures and the blackmail exercised over jobs. In England and Italy, despite higher union membership levels, legitimacy lies essentially with the political parties rather than the unions. A slackening of the link with the political sphere opens the way for a regression of the universality of rights and the socialised wage. In Germany, with reunification, the relative weakening of branch-level bargaining has opened the way for the tax-financing of certain social rights. However, while union divisions between reformist and more critical organizations seem to be growing stronger, this does not mean that national configurations add up to produce a European configuration<sup>78</sup>. The initiatives adopted by some sectoral federations at European level show that while the unions accept to participate in European bodies, they remain capable of constructing their own organizations at the supranational level and thus uphold the possibility of retaining their independence within the framework of the construction of a social Europe.

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<sup>77</sup> Clasquin B., (2005) 'Unions and Social Rights', RESORE paper presented at the Nancy meeting, September.

<sup>78</sup> Dufresne A., (2004) 'Le niveau sectoriel européen: dialogue social versus coordination des négociations collectives', RESORE paper presented at the Brussels meeting, March, available on the website.

#### 4. Pension Reform<sup>79</sup>

The overall objective for this research group was to provide a schema for interpreting the major trends in pension reforms in Western Europe based on the particular dynamics at work in eight EU member states (Austria, Denmark, France, Germany, Italy, the Netherlands, Portugal, Spain and the U.K.). Three dimensions were examined in the attempt to understand the reforms and their true political impact:

- changes in the nature of the systems of collection and transfer of resources used to finance retirement pensions;
- changes in the status of employees, whether active or retired, as beneficiaries of rights to resources;
- changes in the content and socio-political procedures of collective decision-making in the field of pensions.

Following on a decision of the European Council of Göteborg in June 2001, and the joint report by the Commission and the Council in the spring of 2003, the process of pension reform became part of the European Open Method of Coordination procedure, thus marking an important step in EU involvement in this field. The goal of the EU to promote reform was expressed as early as 1990 in a first draft proposal for a directive on pension funds written by the direction of the Internal Market of the Commission<sup>80</sup>. In order to attain our overall research objective, we thus needed to focus on paradigmatic elements produced by the EU as incentives and guides for the reform process. Our research focussed more on the weight of words (the weight of the reform discourse) than on the weight of norms, given the ambiguous nature of the power of the EU to intervene in the field of pensions if it is considered as an overall system rather than as a simple element in the functioning of the Internal Market; transformations of social security systems still require unanimous decisions at Council level, thus blocking the possibility of a common regulation by way of directives.

Furthermore, the work was also organised to contribute to one of the overall RESORE objectives, which was to investigate possible articulations between labour market reform dynamics and pension reforms, and the forms these might take.

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<sup>79</sup> Coordinated and written by Corinne Gobin from the Belgium team, Groupe de Recherche sur les Acteurs Internationaux et leurs Discours (GRAID) with the aid of Bernard Friot and Nicolas Castel (IDHE, Fr).

<sup>80</sup> CEC, Completion of the Internal Market in the field of private pensions, October 1980.

#### 4.1. Tasks and methods

The research papers produced by the "Pension Reform" group were necessary, intermediary steps leading up to the final research results proposed in the papers entitled a "Glossary of European discourse on pension reforms"<sup>81</sup> and "Configuration of rights linked to pension reforms"<sup>82</sup>; the work on "Statistical measures on pension reforms"<sup>83</sup>, although also presented as a public version, should not be considered as a research result in its own right, but rather as a matrix of data serving to feed the work undertaken, and more generally, the enquiry into the state of available statistics and the meaning of their use undertaken by the network as a whole.

Two complementary kinds of work were undertaken:

- A first set of tasks focused on actors, corpus and discourses on pension reform; the exhaustive nature of the study and the aim to compare different corpora of texts led us to choose a lexicometric approach (lexical statistics<sup>84</sup>). We used only one software programme, developed by Syled (Paris III) under the direction of André Salem: this enabled us to work on methods and the analytical results generated in exactly the same way. This produces glossary "entries" that are fairly standardised and that can easily be expanded (on the basis of future documents completing each existing corpus) and where new entries and new corpora can be added to the work already accomplished.
- The second aimed at a characterisation of the reforms and their outcomes (chronology of pension reform, configuration of rights and nomenclature of resources regimes). Research was based on the confrontation and examination of national reports, doctoral theses and data presented in recent academic publications, of specific national and harmonised statistics and on national policy documents (governmental, union, national and European). In-depth studies of specific cases in the pension reforms over the past 20 years, comparing situations in France, the U.K. and the Netherlands, were particularly useful for refining the proposed nomenclature of resource regimes. The statistical analysis was organised through cooperation with the identification and measure group.

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<sup>81</sup> Gobin, C., Castel, N., Cusso, R., Deroubaix, J. - C., Robert, M., Shirmann, M. (2005), 'European discourses glossary on pension reforms and employment reforms' December, available on the website.

<sup>82</sup> Frericks P., de Graaf W. and Maier R., (2005) 'Configuration of Rights linked to Pension Reforms', September, available on the website.

<sup>83</sup> Quelhas A. P. and Ruivo M., (2005) 'Statistical Measures on Pension Reform', November, available on the website.

<sup>84</sup> Lebart L., Salem A. (1994). *Statistique textuelle*. Dunod.



We encountered several problems with regard to statistics on pensions. For the major indicators, such as the weight of social expenditures on old age in the eight RESORE countries (Italy, Spain, Portugal, the U.K., the Netherlands, Austria, Germany and France), the EUROSTAT statistical tool proved useful despite the simplifications it implies. Collecting statistics for each country on benefit levels and modes of financing for compulsory schemes was also easy. The difficulties began when we sought to highlight details that are erased in national and overall data.

The first difficulty stems, of course, from differences in the statistical tools developed in each country and the criteria or categories that are - to varying extents - used in different ways depending on the country (that is, problems of definition).

The second difficulty stems from the multiplicity of both basic and supplementary pension schemes in each country. Often, the statistics provided by the schemes for national-level synthesis are already based on simplifications. For example, if the aim is to account for the complexity of the structure of the financing of each system, it becomes extremely difficult to dissociate what derives from taxation and what derives from social contributions (for the countries concerned by this type of resource, of course). Similarly, it is extremely difficult to illustrate the structure by age of contributor for each scheme (simply because few use this as a criterion). Gender data by scheme are easier to find, although they remain approximate when the focus is no longer on contributors but on recipients, since it is difficult to overcome a bias in questions concerning the number of pensioners according to the scheme they belong to: multiple pensioners, that is, persons who have contributed to several schemes during their careers. Finally, evaluating replacement rates for each European country is a real challenge. The indicator exists, but remains far too approximate. Despite these difficulties, a comparative data base was established which will be one of RESORE's collective assets for the continuation of the exploitation of the results in the future.

## **4.2. Main results: discourse analysis, rights related to pension and nomenclature of pension regimes**

The results of the each final task will be presented first, and then they will be discussed from the broader perspective of the overall RESORE problematic.

### **4.2.1. Glossary of European discourses on pension reforms**

This task evolved considerably over time. During the first year of research it became clear that our initial objectives were far too vast for the time and financial means at our disposal. We nonetheless retained the objective of preparing a tool that would not only provide the RESORE project with fundamental analytical elements for understanding pension reform dynamics, but that would also retain its usefulness after the project came to an end (and thus permit to further pursue certain aspects of the investigation).

In the beginning, the idea was to constitute a multilingual data base (in English, French, German, and Italian) drawn from important EU policy texts on pension reforms (in these four different language versions) and from those in the four corresponding member states (Germany, France, Italy, the U.K.). The aim was to perform a three-fold test of concordance between European and national discourses on reform (concordance between European versions in the four languages and the study of the potential dual influence between European and national texts) on the basis of lexical usage (type of expressions and their semantic usage). The general hypothesis was that the European integration process has considerably modified national administrations and political classes, in particular with the impetus provided by the Treaty of Maastricht and the launching of the Economic and Monetary Union, and led to the constitution of an increasingly homogenous political and administrative class sharing the same overall conception of government. And that we are seeing the constitution of a new, common "view" of the State, and of government and its role in social and economic regulation that is strongly, if not totally, opposed to the kind of government exercised between 1945 and 1975; the latter was based on implementing and extending democratic modes of public and collective control (conflictual collective decision-making) with respect to the allocation of value to the wealth produced and the redistribution of wealth in the form of social rights to resources.

However the – essential - aim to construct an "everlasting" tool that would remain usable after the three years of the project necessitated an exhaustive analysis of the descriptive vocabulary used in the documents researched. This research requirement led to the following reorganization of our work: an exhaustive study of reform vocabulary, far more limited in the form of a glossary and a more general and more rapid study of European

documents on pension reforms in order to present what we have called “European meta-thinking”<sup>85</sup>. The analysis was produced on the basis of collaboration between the Belgian, Spanish and French teams in the “Societal Logics” research task. The two documents complete each other and must be read in relation to one another.

On the basis of an analysis of the argumentation followed in official EU documents dealing in one way or another with pension reforms as well as in those directed at the general public<sup>86</sup>, we suggest that a form of “European meta-thinking” has been constituted, that is, a reform argumentation whose basic postulates (premises conditioning the entire reasoning) have almost ceased to be expressed, becoming increasingly implicit due to their generalised and consensual integration into the mode of reasoning. The coherence of the part of the reasoning that is expressed only holds because the more implicit part is considered as being unquestionable, a basic truth. As soon as the latter is brought into question, whether on the basis of other policy proposals or within the framework of a scientific analysis, the general system of argument that holds up the idea of the necessity for structural reform falls away in large part. This is why we have described the components of this argumentation as “myths” inasmuch as they are, at one and the same time, at the origin of a broader process of thinking founding a new order of social security government, inhibitors of other possible ways of thinking, and of a kind that imposes a “first truth” that does not correspond to social reality. We thus sought to reformulate these postulates, rendering explicit what tends to be implicit, so that they can once again be open to scientific and political debate.

It is worth reminding that six myths were identified and discussed: 1) *States retain sovereign control over their social security system*; 2) *The industrial world and the European states are facing a shortage of resources*; 3) *It is necessary to restore a balance in the redistribution of wealth between capital and labour (or, as sub-proposal: a balance must be found between economic and social policies at EU level (the “Lisbon spirit”))*; 4) *The ageing of the population, added to poor growth, aggravates the shortage of resources, and therefore reinforces the ongoing need for wage and budgetary austerity*; 5) *The three pillar system secures the future of a reformed social security*

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<sup>85</sup> Gobin, C., Verd Pericas, J. M., Castel, N., Higelé, J. – P., (2005) ‘Societal configurations and dynamic of societal logics. Actors, discourses and dynamics of reform in the bosom of the European Union’ November, available on the website.

<sup>86</sup> These were texts of Commission communications on Social Security and pension reforms (COM (95) 466 final, COM (97) 102 final, COM (99) 347 final, COM (2000) 507 final, COM(2000) 622 final, COM (2001) 362 final, COM(2003) 261 final), broad economic and social policy guidelines (1993-2003), conclusions of the president of the European Council (1993-2005), the Green Paper on Supplementary pensions in the single market (1997), Joint Report on Pensions (2003), the Green Paper “Confronting demographic change: a new solidarity between the generations” (2005), texts from the periodical *Social Agenda* (Commission, Directorate General for Employment and Social Affairs).

*system since it introduces a complementary dynamic between the three components; and 6) Social security will also be saved by increasing employment rates, particularly among women and workers over 55.*

All the above promote the supremacy of the idea of the need for structural reform of pension systems. This necessity is identified as stemming from almost “naturalised” general trends producing unquestionable long-term effects (shortage of resources, demographic ageing, or structural labour market changes). What remains open to debate are the practical modalities for implementing the reforms, but not the general guidelines proposed to the national governments, for the latter are viewed as stemming from constraints presented as “logical reactions”.

The deconstruction of these six postulates shows that the new European political system that has grown out of the successive reforms to the Treaty of Rome (1986, 1991, 1997, and 2000), in other words, that is based on an increasing association between European and national political and administrative institutions, gives rise to the collegial fabrication of political, institutional and societal constraints that progressively bring about a radical but relatively homogenous change of regime in the member states observed. In order to study the dynamic of pension reform, it is necessary to identify these constraints and to approach them as a system (constraints stemming from the Stability Pact on taxation and public budgets, and the common monetary system imposing “stability” of prices and wages; constraints imposing the opening up of internal markets to all forms of circulation of capital, goods and services; imposed “visions” of reform - to which the six postulates belong - which internalise as truths the political effects provoked by the implementation of the previous constraints, these in turn affecting the heart of political decision-making and control over the attribution of value to the collective resources produced and the general allocation and redistribution of these resources). This is what is understood by “change in regime”: a change in resource regime, that is, a change in the political philosophy of government. The construction of this system of constraints leads to a hegemonic perception of social security systems as a new factor of production serving the competitiveness of the economy, and not as a universalist political system of collective rights, (which should thus become inalienable), in direct or indirect confrontation with modes of valorisation of capital (in the diverse forms of financial accumulation).

Confronting this “meta-thinking” to the general discourse on current pension reforms produced by union leaders<sup>87</sup> permitted to approach the question of the consonance or

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<sup>87</sup> Material collected in interviews already presented in the section “Societal Logics”.

dissonance between government and union thinking on reforms. It can be seen that certain postulates (the need for reform, shortage of resources, new balance between capital and labour) have been more easily integrated as truths than others (impact of ageing on the state of resources). This points to the continued existence of a debate for the union leaders interviewed, not so much over the need for pension reforms as over the modalities of implementation or the general orientations. The interviews reveal a paradox arising from the conjunction of the generalised union conviction as to the necessity of structural reform (due to labour market transformations and/or shortage of resources) with the current weakness in union production of general theories concerning the future of pensions and the social security system as well as of more specific proposals. The transformations affecting public retirement policies, when addressed at a European level that reorganises public domains in terms of a new hierarchy of political priorities, make it all the more difficult for the unions to develop overall, coherent proposals for the defence and extension of wage-based rights. Pension policy, as currently handled at European level, has been split up to constitute components of other policies. As such, it provides elements that serve respectively to reinforce the policy on the free circulation of capital and services, to further the creation of a European labour market, to improve the competitiveness of companies, to further gender equality, or the free circulation of workers, and finally, to protect the elderly from social exclusion.

#### *The contribution of the Glossary to the analysis of pension reforms*

The research undertaken for this document must be seen as the attempt to construct a permanent core of results which will make future comparative studies possible. Once the hypothesis of a process of change in regime (notably resource regimes) was reinforced, we were able to develop a second hypothesis: that this philosophical change in system of reference would be reflected in a lexical change in system of reference permitting to deploy an argumentation on the necessity of reform through the use of key words or expressions. We thus needed to constitute a glossary of the European *lexique* on pension reform. The choice of entries (words or expressions) for this glossary was based on a combination of criteria of frequency (high level of usage) with criteria of “lexical novelty” (when a new word or phrase appears - even with a low frequency – and functions to construct a new reality or to add to the argumentation borne by another word/phrase located near to it). This selection is based on the theoretical work developed in the early 1980s by Maurice Tournier<sup>88</sup> on the analysis of political texts: words function in a

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<sup>88</sup> Maurice Tournier, «Texte ‘propagandiste’ et co-occurrences. Hypothèses et méthodes pour l’étude de la sloganisation», in *MOTS*, Presses de la FNSP, n° 11, 1985, Paris, pp. 155-187.

network of meaning. We thus needed to identify this lexical network on pension reform via a study of the contexts and semantic usage.

Three bodies of texts were analysed (two European and one French): A European corpus of texts on overall economic reform (BEPGs<sup>89</sup>) in order to resituate the European-level demand for pension reform within a more general reform context; a European corpus centred on employment reforms serving as a tool for the enquiry into the links between labour market reforms and pension reforms; and a French corpus composed of government reports on pension reform. The contexts of 20 “entries” were subjected to exhaustive and systematic examination, but only in the French language<sup>90</sup>.

The following were the main results:

The analysis revealed the extent of the reforms demanded at European level. This once again supports the postulate that we are seeing a vast process of change in political regime that is strongly linked to European integration and whose current dynamic is arguably comparable in extent and intensity to that seen in the emergence of the nation-state. All the political relations surrounding the State as a sovereign, democratic public authority, are being redefined as regards the relationship to collective resources (our research topic): the State’s capacity to intervene in the economy for the purposes of tapping resources, its independent capacity to attribute value to its resources, and to direct the redistribution of resources in the form of collective social rights to resources linked to the wage. This is the result of EU pressure to implement structural reforms of the State *that must be articulated with each other*: general reform of taxation, and of the content of the “public budget” and “public finances”; reform of Social Security in terms of the content of its resource regime and/or of benefit rights (pensions, health care, unemployment); labour market reform (here in terms of the transformation of the tapping of collective resources via social contributions and taxation on income from work); and reform of wage systems. In addition, all of these reforms are tied to the obligation to maintain the stability of the monetary reform that has already been implemented. As a result, the general political autonomy of states in the organisation, control and distribution of collective resources is reduced, to the benefit of the private central European bank system, and of companies, which are seen as the “main catalyser” in the current and future creation of wealth (through the expansion of employment).

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<sup>89</sup> Broad European Policy Guidelines.

<sup>90</sup> The analysis of the image of the concordance between four language versions of the same European corpus of documents shows an overall concordance between the texts, although some interesting shifts in the use of certain basic notions were found. This “discovery”, which requires a thorough examination in several languages will be explored at a later date.

These combined structural reforms are justified, in the European argumentation, by the shortage of resources (weak growth), as well as by the poor organisation of the collection and allocation of existing resources, and this affects the capacity of the overall economy to generate new resources.

One of the priorities for reform focuses on the wage and collective rights to resources. The new lexical categorisation that has been deployed in the European corpora seeks to change the perception of their nature. "Costs" replace "rights", and "contributions" or even "benefits" seem to become synonymous with "deductions" and are thus associated with taxation having negative effects on the dynamism of companies; "contributions" are disconnected from the "wage" ("non-wage costs"). The amounts of these rights to resources (including the direct wage) as well as the conditions of allocation and the extent of their universality (geographic and substantial) all need to be changed. The most oft-repeated recommendations for reforms aim to set these amounts at lower, generally more diversified, overall levels, by linking them to the individual career or adapting them to conditions prevailing in the regional economic area in which the person or the company is situated.

The notion of "rights" is also undergoing semantic transformation. Social rights previously rooted in the political and historical matrix of the State are to be reformed, to the benefit of a reconfiguration of new European rights belonging to the sphere of profit-making property rights.

In short, the main targets for reform are the social State in its redistributory role, the achievements and visions of the socialised wage, and thus the political movement toward the declaration of rights to resources linked to the wage as universal political rights.

The articulation between the demands for labour market reforms and pension reforms is very strong. The postulate of a general shortage of resources that prevents national public finances from continuing the anticipated increase in public expenditure on social benefits is seen as necessitating an overall rise in the employment rate. But this specific reform, while crucial, is not enough in itself: each of the reforms envisaged would "exponentialise" their effects when combined with the others. The linkage between increasing the employment rate and pension system reforms leads to calls for policies extending the duration of career paths in order to limit the number of persons under 65 leaving the labour market. The call to increase the active population, seen as one of the major solutions to compensate for the "shortage of resources", is as central at European level as it is in France.

Our analysis reveals the extent to which the “ageing of the population” became a key theme in the European argumentation on the necessity for reform (BEPG corpus) at the time of the drafting of the joint report on pensions (2003). The comparison of lexical uses between national and European documents is also of particular interest. For example, “ageing” was already one of the basic arguments used to promote reform in a report written by Michel Rocard in 1991! Few of the “problems” identified by the political sphere can boast the mobilisation of the political classes for structural reforms 20 years before the predicted effects!

#### **4.2.2. Configuration of rights linked to pension reforms**

Pension reforms were analysed according to two approaches: pension reforms and life courses, and pension reforms and resource regimes.

##### **Pension reforms and life courses<sup>91</sup>**

*Pension reforms are not just a neo-liberal process of deregulation: both extreme developments of liberalism and etatism take place in practice and in argumentations and their combination forms an important new space.*

On the one hand, neo-liberal developments include developments such as shifting parts of public pension schemes to private schemes, as well as a stricter link between contributions and entitlements, and, in general, different kinds of individual responsibility. On the other hand, “etatistic” developments concern private pensions in particular. The private pension schemes (PPS) are subjected to new regulations, concerning the identity of the bodies allowed to provide PPS as well as the rules of advertisement, and the rules concerning conditions and forms of investments. What were once exclusively privately financed schemes have been partly replaced by public sources.

It is difficult to untangle these two lines of reform. As regards investment, classical pension investments lose their insurance characteristics and develop into a kind of personal account, while private old age investment loses its character of property rights and is put under state supervision. This combination of private schemes and state supervision leads to a newly created market of insurance and investment products, and a semi-private market of state certified products. In the same way, individualisation is seen both in neo-liberal proposals for self-responsibility and in neo-etatist positions in the neo-etatist guarantee for basic equality on top of which individual arrangements can be constructed.

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<sup>91</sup> This part is a summary of the work done by the Dutch team: Fericks, P., de Graaf, W. and Maier, R. (2005).



In brief, recent pension developments partly combine measures that classical perspectives see as related to separate concepts. The line between neo-liberal and neo-etatistic is not only blurred in the measures introduced, but in the argumentation as well. This is why the combination of the three traditional modes of financing pension systems is changing:

- PAYG contribution-based systems not only shift partly to additional private schemes, they also develop towards defined contribution regulations, *bonus-malus* principles and individual accounts (notional defined contribution concepts);
- the capital funded schemes are increasingly submitted to state control;
- tax-financed schemes that were not previously tied to work are given a new or stricter link to work biographies, in particular through retrenchments.

Thus it is insufficient to qualify the reforms simply as neo-liberal. On the contrary, an original mix between neo-liberal and "neo-etatistic" measures can be identified.

*Gender pension gaps: despite the fact the reforms pay explicit attention to gender questions, their overall effects are far from being positive for women.*

It is indeed possible to identify various "women-friendly" or "gender-neutral" norms in the reforms: for example, the legislation to stop direct as well indirect gender inequality, and the enhancement of childcare facilities or credits. The reforms facilitate and stimulate the participation of women on the labour market in many ways.

Nonetheless, the overall effects of pension reforms are far from being positive for women. On the contrary, when considering the various factors that co-determine pension levels, such as labour market participation, care, life-long learning and the intricate linkages between pension sub-systems, we can conclude that the majority of women will be worse off. Gender pension gaps do not necessarily decrease as a result of increasing female participation rates, as they are linked to structural gender inequalities in the labour market. Outcomes of care credits or parental leave are ambiguous. Life-long learning underpins gender distinctions. Tax systems favour a "one and a half" earner model. Pension arrangements increase the wage gaps and result in even wider pension gaps. While the concept of individualizing pension entitlements could be positive for women's economic independence, its implementation is decidedly problematic due to the fact that the norms conditioning access to these entitlements have barely been adjusted. Thus, women now have to comply with the male breadwinner norms.

Even in countries such as the Netherlands and Denmark, where a well-developed Beveridgean basic pension based on residency is often evaluated as being positive for women, a shift towards strengthened occupational-related pensions influences gender differences. Recent trends, such as the decrease of the level of basic pension entitlements, the stronger dependence on additional pensions and the individualization of pension entitlements, are considered to be gender neutral. However, they are particularly problematic for women. Pension reforms and developments favour a do-it-yourself individual responsibility approach, but this norm is based on a "traditional" male work-biography: that might produce even deeper gender pension gaps in the future.

*A general interpretation of pension reforms points out the link between pension policy and labour market policy. All the various measures can be understood from a perspective of life course politics. The ongoing pension reforms do not really fit with the changing life courses of men and women, citizens and employees in Europe.*

The transformation of the existing pension systems is more or less explicitly undertaken with the aim to reconfigure and transform employment relations in certain ways in conjunction with an "active labour market policy".

It was a highly gendered and normative life course which underpinned the generalisation of pension systems in European countries after 1945. These pension systems reflected and reinforced a normative standard biography with three phases: socialisation and learning, work (for men) and mainly caring (for women), non-employment (for men) and continuing care (for women). The multiplicity of pension reform measures today is in tune with a new standard biography, with more phases, combinations and transitions that are still subject to gender differences.

As examples of this life-course construction, we can cite: the introduction of private pension schemes that can be seen as a reaction to the ongoing flexibilisation of the labour market, and more generally as enabling transitions and mobility during the life course; the reforms aiming to stimulate the participation of women, young people and older employees in the labour market, excluding exaggerated care, too much leisure or early retirement.

Thus pension policy is increasingly co-ordinated with formerly distinct policies, concerning health, education and the labour market, instituting a new form of life-course politics. Basing social policy, and pension policy in particular, on a normative standard biography can be called life-course politics.

The transformed life courses constitute a challenge for the existing capitalist welfare states, but also offer new opportunities. The challenges can be identified in the areas of work, learning and care: there is no guarantee that the capitalist political economy can in the near future absorb such significant numbers of new employees; building up pension entitlements is constrained given increasing variations in learning trajectories in present day life courses; the existing opportunities to build up entitlements for pensions do not permit to increase women's rate of labour market participation and the fertility rate at the same time. However, there are also new opportunities for instituting a more satisfactory match between the arrangements of capitalist welfare states and present day forms of life courses: for example pension entitlements can be obtained during the learning phases, by earmarked tax-credits or specific life-course pension schemes.

But the acquisition of pension rights is dependent on well-defined activities during the life course, to the exclusion of many other activities that are socially and economically "necessary".. The new standard biography defines one format of life course, which does not cover the whole range of variations: women and migrant populations in particular do not fit well into this normative framework. The ongoing reforms are insufficiently attuned to new social, political and economic aspects of present day life courses.

### **Pension reforms and resource regimes<sup>92</sup>**

The open method of coordination (OMC) on pensions and the national reforms develop the following five key proposals: 1) to raise both the employment rate of the over-55 age group and the retirement age; 2) to reduce the share of first pillar PAYG public pensions; 3) to make pension schemes more contributory; 4) to maintain pensioners' standard of living by increasing the share of funded occupational pension schemes, and improving their functioning; and 5) to ensure the redistributive aspect of the first pillar to make it an efficient tool for combating poverty.

In our analysis of these reform proposals, we consider pensions to be, above all, a monetary institution. Money is not a passive expression of a pre-existing value: money attributes value to (valorises) labour.

*Raising the employment rate of the over-55 age group and the retirement age:* this first dimension of reform (and the prediction of a disastrous future of ageing societies with a so-called "old-age dependency ratio") fits in with such phrases as "the active finance the inactive", or "pensions are taken from a value produced by workers". To counter these

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<sup>92</sup> This part was written by B. Friot; for more detailed analysis of pension regimes, see Friot, B., (2005), 'Les réformes des retraites en Europe/ Une lecture selon les formes de pensions', septembre, available on the website.

common mistakes, it should be noted that: first, nobody produces value, value is a social convention represented by money; second, all labour produces goods or services that are usually useful (wealth), and pensioners work and produce wealth that is added to the wealth produced by employees; third, pensions represent the value attributed to the work of retired people: if pensions represent 10% of GDP, it means that pensioners' work adds 10% to the GDP. An increasing aged population produces an increasing part of the wealth and is certainly entitled to an increasing part of GDP. One generation never finances another and thus the question of the "fairness between generations" is meaningless. Financing pensions is first and foremost a political question: is the aim to valorise an increasing share of free work (or not), and with what sort of money? Transforming pensioners' non-subordinated (or free) paid work into the subordinated paid work of the workforce is a political plan: paid free work does not and should not exist!

The valorisation of labour is at the core of the social dynamic, and defining what kind of work will be valorised, and by what form of money, is a key question. The "resource regime" is an analytical notion that encompasses two variables: work (what kind of work is valorised?) and money (what kind of money valorises it?).

Capitalism is the ongoing intensification of a contradiction in the valorisation of labour, liberating workers from non-capitalist forms of subordination but reducing them to a workforce dedicated to financial accumulation. It exacerbates labour contradictions and generates anticapitalist forms of the valorisation of labour. There are three conditions for the capitalist valorisation of labour (or three dimensions of the capitalist form of monetary constraint (CMC)): only labour dedicated to capital is evaluated by money; ownership of (financial) capital warrants participation in the distribution of the value attributed to labour (profit-making property rights); and a guaranteed minimum income is provided to the invalidated labouring poor.

This is why the form of money involved in pensions is decisive. Pensions paid by money according to the capitalist monetary constraint do not subvert the subordination of labour, whereas pensions paid by money subverting the capitalist monetary constraint do. A review of the pension forms existing in Europe permits to distinguish between forms that maintain capitalist subordination (the deferred wage, old-age savings and the tutelary allowance) and forms that subvert it (the public service pension and the socialized wage pension). As will be seen below, the last four key proposals for pension reform noted above are an attempt to promote the former and to freeze the latter<sup>93</sup>.

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<sup>93</sup> See the table of resource regimes above.

We will begin with the freezing of the public service pension (PSP) and the socialized wage pension (SWP), as in the proposal to *reduce the share of first pillar PAYG public pension*.

The PSP is a universal flat-rate pension (proportional to duration of residence) with a higher level than the tutelary allowance (about 50% of net average earnings). This kind of pension is rare in the EU (Denmark, and the Netherlands). The SWP is the most widespread pension scheme and provides benefits that are proportional to the length of the insurance career but are not strictly contributory. Both forms subvert capitalist subordination with regard to its three conditions. Firstly, unlike actuarial neutrality (first condition), they are non-contributory (PSP) or only slightly contributory (SWP). Secondly, they avoid financial accumulation and profit-making property rights to a greater (SWP, because of its high replacement rate) or lesser (the PSP flat-rate pension implies complementary funded schemes) extent. Thirdly, in opposition to the invalidation of the labouring poor, they are based on positive attributes: citizenship (PSP) or qualification (SWP).

Designating SWP and PSP as “public pensions” amounts to freezing them in terms of the new equation: public = first pillar = basic. The decisive role of the European Court of Justice Jurisprudence should be noted. As guardian of the treaties organising the common market, the Court in its rulings has defined competition between providers of financial services as the norm and public monopolies as exceptionally justified on the basis of their goal of solidarity. The Court has supplied the conceptual framework for the distinction between a first pillar for State schemes and national solidarity, and a second for the pension industry and competition in the European market. Public service or socialized wage pensions no longer provide general national insurance benefits but are reduced to a dependency on the solidarity of the first pillar, with the liberal solidarity between the rich and the poor replacing the solidarity between equal citizens or equal employees. The OMC links the so-called “public pensions” to the “at-risk-of-poverty rate”, not to the “replacement rate”.

The last three dimensions of the reforms promote resource regimes that maintain capitalist subordination.

The first regime is the deferred wage. Pensions, strictly measured with regard to the contribution record, correspond to the notional PAYG capital of the contributions paid during the insurance career (actuarial neutrality). Since they take account of life expectancy, such pensions push workers to postpone their retirement in order to preserve their income, thereby contributing to reducing the progression of the free time (and free labour) period. The deferred wage convinces workers and pensioners that

pensions are financed by subordinated work, that there is no such thing as paid non-subordinated work, and that only strictly measured subordinated work deserves monetary valorisation. *Making pension schemes more contributory*: this third proposal of the OMC, radical in Italian or Swedish reforms, attempts to restore the first monetary condition of capitalist subordination.

The second regime is old-age savings in funded defined-benefit or defined-contribution schemes (or in public schemes' reserve funds). This form of pension strongly sustains financial accumulation: on the one hand, pension funds (and other funded schemes) are a crucial part of accumulated capital; on the other hand, pensioners and employees saving for their retirement have a stake in the returns on investments. *Maintain pensioners' standard of living by increasing the share of funded occupational pension schemes, and improving their functioning*: the second decisive condition of the capitalist monetary constraint is legitimated, for profit-making property rights justify giving a share of value to stockholders.

The last form of pension that maintains capitalist subordination is the tutelary allowance paid to former low-paid workers via means-tested benefit schemes. This kind of guaranteed minimum income (or pension level) goes further than the traditional poor relief that maintains labour supply from low-paid workers. The tutelary allowance (like the UK pension credit) invalidates a large part of the workforce whose wage rights and citizenship rights are denied and who thus only have a right to national solidarity. *Ensure the redistributive aspect of the first pillar to make an efficient tool for combating poverty*: it should be underlined that the OMC places such emphasis on the elimination of poverty risks in old age that this is the first of the eleven common objectives. Here we see the third key condition of the capitalist monetary constraint: a guaranteed minimum income for the devalued working poor.

In summary, public-service pensions and socialized-wage pensions valorise non-subordinated labour with forms of money that subvert the capitalist monetary constraint; current reforms seek to reduce these pensions to the benefit of pensions maintaining capitalist subordination: deferred wage, old-age savings, and guaranteed minimum pensions.

Some discussion about state of the art in the field of pension can be found in Harvey (August 2004 and in Fericks, P., de Graaf, W. and Maier, R. (2005). A systematic and collective revision of academic works in the field of pension not produced since the group's theoretical attention was focussed on the internal debate that arose during the first year of the project and that resulted in the development of two distinct approaches to the analysis of reform trends and of changes in rights to resources as it has been

presented above. Ultimately, there remains an opposition between the two theoretical approaches: one rests on an institutionalist reading of the processes of exchange structuring capitalism, the other rests on a political reading of the conflicts of capitalism.

## **5. Emergence of the subsidised employee<sup>94</sup>**

The research task dealing with “subsidised employees” was developed as the second research field in order to test and reinforce the theoretical construction for analysing employees’ resources and social rights. The main objective was to analyse and evaluate the development of policies at national and European level, constructing the status of “subsidised employees”, i.e. employees whose resources are partially financed through Active Labour Market Policy (ALMP) schemes. Four directions of research were planned:

- the identification of main types of subsidised employees and the patterning of these types in each participating country;
- the analysis of new rights and duties in relation to the transformation of resources linked to subsidised employment;
- the analysis of the (new) actors concerned with regard to the policies and the implementation of social activation;
- the analysis and description of European policies in this field.

The category of “subsidised employee” was considered as resulting from the cross-fertilization between employment constructs and social policies, and the analysis thus required an examination of both national variations and the impacts of EU strategies.

### **5.1. State of the art: labour market and social protection**

*The state of the art* for this research task aimed at reviewing research on the relations between employment and social protection systems.

The key developments in European labour markets have been widely documented over the last decades: the decline in the overall employment rate; persistent unemployment; shifts between sectors of activity from industry to services and in the structure of jobs from less skilled to more skilled; greater flexibility in working time arrangements and employment patterns; and growth of wage dispersion and the working poor. However,

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<sup>94</sup> This research task has been led by the Italian team – Dipartimento scienze antropologiche (DiSa) under the direction of Luca Queirolo Palmas. The synthetic writing of this section is from Nathalie Moncel – Centre d’Etudes et de Recherche sur les Qualifications (Céreq), who were involved in the RESORE coordination.

few of these studies see social protection as an integral part of the way labour use is organised or as an integrated factor of labour market functioning. Social policies are predominantly considered in an instrumental way: on the one hand, they are seen as possible responses to labour market transformations, especially the rise of unemployment or the renewal of the labour force; and on the other, they are turned into one of the causes of labour market dysfunction, because of assumptions of how they shape labour supply and demand.

Similarly, the major changes in welfare systems have been closely scrutinised since the 1970s, with the focus shifting from the issue of retrenchment to include more recent arguments for a trend to welfare state revival. These studies provide exhaustive descriptions of the differences between countries as regards the development of welfare systems and their transformations over the last decades<sup>95</sup>. The majority focus on social protection and related social policies: labour market developments are apparently taken for granted and, to put it briefly, are seen as related predominantly to economic forces existing outside of the scope of politics.

Recently, however, two parallel trends of research dealing explicitly with the links between social protection and employment have emerged. The one analyses the extent to which welfare systems are "employment friendly" based on their impact on employment levels and economic growth<sup>96</sup>; and the other focuses on how to reconcile work flexibility in the production sphere with adequate protection for workers in the context of increasing risks<sup>97</sup>.

The first trend focuses on the level of resource flows linked to social protection funding and expenditure. The predominant economic approach here reflects the neo-classical account of labour market functioning, and analyses are based on the main assumption that wages are market prices resulting from an adjustment between labour demand and supply. Financing social protection through wage-based contributions is seen as creating a "wedge" between labour cost and labour productivity levels that disturbs the price mechanism. Thus social contributions are perceived as a burden on employment and an

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<sup>95</sup> Esping-Andersen G., (1990), *The Three Worlds of Welfare Capitalism*. Polity.

Esping-Andersen G., (1999), *Social Foundations of Post-industrial Economies*, Oxford: University Press.

Kuhnle S., (ed.) (2000), *Survival of the European Welfare State*, London: Routledge/ECPR Studies in European Political Science.

<sup>96</sup> Atkinson A.B., (1995), *Incomes and the Welfare State*, Cambridge: University Press.

Scharpf F.W., (2000), "The Viability of Advanced Welfare States in the International Economy: Vulnerabilities and Options", *Journal of European Public Policy*, 7:2, June 2000: pp.190-228.

<sup>97</sup> Esping-Andersen G., Regini M., (ed), (2000), *Why Deregulate Labour Market?*, Oxford: University Press.

Bosco A., Hutsebaut M. (eds), (1997), *Social Protection in Europe - Facing up to changes and challenges*, European Trade Union Institute, Brussels, 452 p.



obstacle to job creation. This approach has contributed to the widespread acceptance of the definition of social contributions as “non-wage” costs, whereas they are clearly part of the total wage (comprising direct and indirect wages) paid to employees. At a macro level, it is argued that increased global competition and labour market efficiency in terms of job creation call for a reduction of these “non-wage” labour costs. However, there is no strong evidence to support the claim that there exists a direct causal relationship between employment levels and types of mechanisms for funding social protection. A similar criticism can be levelled at the analyses of the micro-level effects of social protection on labour market functioning, and more precisely the impact of social benefits on labour supply behaviour: it is commonly held that a higher level of unemployment compensation leads to longer periods of unemployment. This simplistic conception of job search motivation has been strongly criticised, for instance in empirical comparative research between European labour markets that has highlighted the lack of clear-cut evidence of a lower commitment to work across countries presenting different levels of unemployment benefits<sup>98</sup>.

The second area of research deals with the consequences of flexibility on the labour market and develops a more micro-level point of view. Investigations focus on how social security systems cope with and should be adapted to the new developments in European labour markets. Three major normative proposals can be cited: the transitional labour market approach<sup>99</sup>, the theme of “flexicurity”<sup>100</sup>, and the “*statut professionnel*” associated with social drawing rights<sup>101</sup>.

These approaches raise major questions. Does flexibilisation justify changing the whole social security system or would it only require integrating the new forms of employment into existing schemes? If so, why not channel the resource flows needed to finance new situations through the wage, as this path has already proven successful in the institutionalisation of the modern wage relation?

At the present time, it is apparent that social policy studies are dominated by the influence of economic determinism. The discourse on the disincentive effects of unemployment compensation has been given more weight than the issue of social

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<sup>98</sup> Gallie D. dir, (2000), *Employment Precarity, Unemployment and Social Exclusion*, Final report of European Research Network EPURE, April 2000.

<sup>99</sup> Schmid G., (2002), “Une assurance-emploi pour gérer les transitions critiques tout au long de la vie”, in P. Auer and B. Gazier (ed.), *L'avenir du travail, de l'emploi et de la protection sociale- Dynamique du changement et protection des travailleurs*, Compte-rendu de symposium, OIT, pp.71-92.

<sup>100</sup> Wiltshagen T., Tros F., 2004, “The concept of ‘flexicurity’: a new approach to regulating employment and labour markets”, *Revue Transfer*, 2/04, pp.166-186.

<sup>101</sup> Supiot A (ed.), (1999), *Au-delà de l'emploi. Transformations du travail et devenir du droit du travail en Europe. Rapport pour la Commission Européenne*, Paris, Flammarion.

protection for precarious workers. This is particularly visible in the emphasis placed on the activation of labour market policies and the tightening up of conditions of entitlement to unemployment benefits<sup>102</sup>. These reforms play a crucial role in the reshaping of the linkages between employment and social protection and therefore in the definition of social rights, employment status and social divisions.

## 5.2. Methodology

In order to achieve the objectives of the research task, various *methodological approaches* were planned:

- historical and political analysis of documents referring to policies implemented in each country;
- statistical analysis of data at both national and European levels;
- interviews with key actors in the field of LM policies at national and European levels.

National teams contributed to the gathering of data and historical perspectives on the development of LM policies by answering requests from the research task coordinator. Results were presented and discussed at the Bonn workshop in September 2003.

It appeared that most of the measures entailed a shift in resource flows from the wage to taxation, and that traditional distinctions between fiscal, social and labour market policies tended to inhibit this common trend. However, societal diversity reflected the embeddedness of transformation in societal resource regimes. Two parallel tasks were then initiated. The aim of the first task was to select what appeared as key measures in each country in order to focus the analysis on one or two of the most representative programmes in each country and to highlight common trends in the changes in resource flows. The second task was to examine the debate around “activation” and societal specificities at European level in order to draw out the limitations and perspectives for comparative analysis and to look for a way to construct analytical invariants.

The analysis of the impact of European initiatives, which aimed to confront national and European levels, was approached in two steps. The first step focussed on data and documents. In collaboration with the “Identification and Measure” research task, statistical data produced at the European level –namely the Eurostat ALMP database -

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<sup>102</sup> Bosco A., Chassard Y., (1999), “A Shift in the Paradigm : Surveying the European Union Discourse on Welfare and Work”, in European Foundation for the Improvement of Living and Working Conditions, *Linking Welfare and Work*, Luxembourg : Office for Official Publications of the European Communities, pp.43-58.

were scrutinised and compared with national data, in terms of definitions, categories and volumes. At the same time, an overview of debates on active labour market policies was undertaken, and the comparability of labour market policies across different societal contexts was investigated.

The second part of the work concerned interviews with key actors at national and European levels. In collaboration with the “Societal Logics” research task, national teams were asked to identify actors in various institutions (civil servants from Labour and Social Security Departments, trade unions...) and an interview grid was collectively built in order to gather information that would be as comparable as possible.

### **5.3. Main results: Diversity and common trends in the transformation of the relationship between social protection and employment**

The twofold focus developed during the research process permitted to obtain two types of results that are to be distinguished. The first kind of result was obtained from the comparison across countries of labour market policies and the analysis of the impact of the EU level. The in-depth description of national policies permitted to highlight common features regarding the implementation of labour market or social policies that entail changes in resource flows and social rights. This overview is documented in the national reports to be found on the RESORE website. The research on the impact of the EU level is, at the time of writing, in a first state of achievement and needs to be further developed. Materials from interviews and lexicographical analysis are presented on the website<sup>103</sup> and a synthesis of these results is in progress for further publications.

The second type of result concerns debates on activation policies and the categories used to describe and measure LM policies. Starting with the category of “subsidised employee”, the comparative analysis served to highlight the diversity of policies and measures and the difficulty in using harmonised data from European sources in order to seize schemes impacting resources and social rights. Thus it became necessary to disentangle the different meanings of the notion of “activation” and to list the limits of usual categories with a view to proposing a common denominator to identify and compare actual changes in the articulation between resources and rights and employment status.

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103 Gobin, C.; et alii, (2005) “European Discourses Glossary on pension reforms and employment reforms”.

### 5.3.1. Comparison of national labour market policies and influence of the EU level

The table below presents the main measures that were analysed and compared across countries. They relate to different types of policies: employment status regulation, ALMP, social and fiscal policies.

	Key measure	Instrument objective	Population affected
Italy	Collaborazione Coordinata Continuativa (CoCoCo), 2003	New status of quasi-employment	695, 419
France	Prime pour l'emploi 2001, 2003 Exemptions from employers' social security contributions, 1996-2003	Tax subsidy for wages Reduction of social costs for employers	8.5 million 10.1 million
Austria	BESEB/ Aktion 8000	Reduction of social costs for a target working population	
Germany	Mini-/Midi-jobs	Creation of an employment status with fewer social rights	6.2 million
Portugal	POC	ALMP	
The U.K.	Working and child, child care, Tax credits	Making work pay, redistributing income	5.9 million
Spain	Contrato para obra y de servicio Contrato para el fomento del empleo indefinido	Stabilising the employment relation to prevent employment churning	5.3 million 300,000
The Netherlands	WSSA, Work and Social Assistance Act, 2004	Shift from passive to active assistance and municipalisation/privatisation of administration	1.7 million

The comparison of these measures permitted to highlight the following trends concerning changes in resources and social rights:

- **A trend toward a structural lowering of labour cost and of the “socialized wage”** (seen in the French general social contribution exemptions, the spread of mini/midi jobs and of Co.co.co. in Germany and Italy respectively, and in the exemptions from social contributions for low wages in the U.K.).
- **A progressive broadening of the scope of target measures;** The first measures were constructed on “deficit-targeting” criteria (training deficit, productivity deficit, qualification deficit, etc.) whereas the subsequent devices have

concerned increasingly broader populations and are to be considered as “general measures” (i.e. low-wage targeting in France and UK).

- **The spread of tax-based devices;** a trend toward the use of tax-based incentives directed at both individuals and enterprises was noted; it was clearly observable in the UK and France (as in the WTC and PPE), and could also be seen in Italy and Germany (*no-tax area* in Italy; fiscal exemptions for *minijobs* in Germany).
- **A progressive reduction in unemployment entitlements, and in the duration, quantity and quality of benefits.** It can be suggested that, as a consequence of activation policies, there has been a mutation in the idea of a trade-off between social contributions and unemployment benefits (defining the concept of the *deferred wage*).
- **A significant difference between welfare system equilibriums and individuals' rights;** the *welfare to work* perspective entails a decrease in social contribution levels which is expected to be compensated for by an increase in employment rates; therefore we can say that from a “systemic” point of view this is a “zero-sum” game; but from the viewpoint of the individual, this “compensation” clearly appears as a loss of social rights.
- **An increasing impact of gender discrimination** due both to the massive participation of women in the more precarious contracts – such as Co.co.co (Italy), CDI with social contributions exemptions (Spain), WTC (UK) and single *minijobs* (Germany) - and to the transition toward forms of *deferred wage* (amplifying poverty risks for those in more precarious work situations and for the *working poor*).
- **A trend towards a transformation of social rights** resulting from the financing of ALMPs with funds from social contributions. This clearly diminishes the weight of collective bargaining and curtails the power of the social actors over the management of resources.

The confrontation of these measures with the European Employment Strategy (EES) and EU impact on the national level provided further results suggesting that:

- **There is a subordination of social goals to economic goals.** The lexicometric study of the EES points to a hierarchy between economic and social goals. Economic priorities markedly reduce the field of possibilities of social protection and

the EES seems to be less a process of political harmonization than a means to translate monetary concerns into employment policy.

- **There is a diverse but real influence of the EU on the national level**, even if with different degrees of relevance for trade-unionists and "*passeurs*", probably due to their respective positions, the former being involved in the national debate (collective bargaining, political struggles, etc.) and the latter working as technical experts but also as promoters of reforms/policies.
- **There is an important symbolic dimension**: in many cases it was stressed that, particularly at EU level, the struggle over setting the political agenda is to be considered as a "war of words".

### **5.3.2. Active Labour Market Policies: common meanings, plurality of measures and analytical perspectives<sup>104</sup>**

In our research, the theme of subsidised employment was chosen as a means to gain insight into the relationship between resources and rights and the linkages between the two. Subsidised employment was initially defined as encompassing all governmental measures aiming to promote re-entry into employment by intervening in the wage relation between employer and employee, that is, by subsidising one or both of the parties. This subsidy may take the form of an exemption from employers' social contributions, of an allowance topping off the wage (fiscal credits or extra wage supplements – sometimes called in-work benefits) or of the creation of extra jobs. Subsidies may be paid out of different resource flows (or a combination of these): social contributions, taxation or budgetary funds.

It became clear, however, that alongside these subsidies all kinds of other measures were brought into play: training, job guidance, help with self-employment, measures for the disabled, changes in the system of social insurance and the like. The emergence of subsidised employment is part of a development which aims at an interplay between labour market and social protection reforms. This interplay has been developing since the end of the 1980s and is known as activation policy or active labour market policy (ALMP) in the context of the OECD or the European Union<sup>105</sup> or as the movement from welfare-to-work that originated in the US. Sometimes these approaches are also described as

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<sup>104</sup> Willibrord de Graaf from the Dutch team contributed to the redaction of this point.

<sup>105</sup> See Gilbert, N. (2002) *Transformation of the welfare state, the silent surrender of public responsibility*, Oxford, Oxford University Press. And Handler, J.F. (2004) *Social citizenship and workfare in the United States and Western Europe*, Cambridge, Cambridge University Press.

workfare<sup>106</sup>. More recently the phrase 'making work pay' has been adopted in policy circles to indicate that getting people back to work is the dominant goal. This led us to consider the policy of coordination between labour market and social protection as a more appropriate research object, and the following questions were taken as the point of departure for our studies: what is meant by 'active policies', how have ALMPs been developing in each participating country? What types of rights have been associated with them in relation to resource flows?

The conditions for the rise of ALMPs in Europe can be found in a three-fold trend: the restructuring of the labour market, the reforms of the welfare state especially regarding social security and the growing agreement on a European employment strategy.

The use of the word 'active' in LMP stems from the now dominant political discourse which states that work is the primary path to autonomy and citizenship: working is being active. From this perspective, traditional social policies are considered to be passive because they emphasise the right to income replacement for those who have lost their jobs. Active policies stress the right and the responsibility to participate in the labour market. In a certain sense, this shift concerns most elements of social insurance and social assistance: income compensation is becoming more and more conditional on a readiness to participate, to show active behaviour.

In terms of rights and resources, the dominant discourse on ALMP appears unambiguous in its aims but fuzzy in its concrete forms. The aims are clear: a redefinition of rights in terms of conditionalities regarding responsibilities and obligations for workers. The forms are a mixture between established social security provisions and activating labour market regulations, and are also the result of institutionalised battles between social partners and the state and the ways in which these battles are shaped by social, cultural and demographic developments.

The assumptions underpinning the arguments for ALMP can be criticised on different grounds. Several criticisms relate to the functioning of the labour market: the non-equivocal relationship between high levels of social protection and unemployment, the specificity of ALMP outcomes due to huge variations in the financing of social protection and employment with historical and national specificities; the assumption that individual decisions to participate in paid work are based on a cost-benefit calculation; and finally the impact of ALMPs in terms of the creation of jobs alongside the regular labour market,

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<sup>106</sup> See Peck, J. (2001) *Workfare states*, New York/London, The Guilford Press.

and the risk of setting up a 'secondary' labour market, which locks people into a circuit of temporary and low skilled jobs.

Within the resources-rights perspective, one of the consequence of ALMPs is the change in the employment relation and the shift from a standard norm in the sense that the boundaries between employment, unemployment and non employment are being redefined. Being employed is no longer strictly connected to a wage relation, but is also possible in a benefit situation or a situation involving non standard employment contracts. ALMPs thus aim at a transformation of the labour force, making it more flexible and employable, and accepting the shifting transitions between normal and non-normal working conditions. The nature of rights based on a wage relation is transformed by relating rights to individual responsibilities and obligations to participate in labour. This change is made possible by the introduction of different flows of resources, where funds from social contributions and taxation are used for activation policies. The main point is thus to address the fundamental changes in the relation between wage, resources and rights.

In the course of our research, it was found that the forms of ALMP measures across countries appeared to be multiple and not easy to bring under one common denominator. This highlights the difficulties in comparing countries with regard to policies and terminology: although the main problem may look the same, the types and forms of measures differ considerably between countries and have to be considered in the context of national specificities.

Defining the research topic is an important stage when seeking to evaluate or characterise the impact of public interventions in the field of social and employment policies. The results will differ according to the point of entry chosen: in this case, so-called "active" measures, or subsidised employment. Particularly because the definitions and declared objectives of the measures differ from country to country and are seemingly ambivalent.

A comparative approach to employment policies raises important questions of an analytical nature. Three categories were examined for the purposes of comparison: subsidised employment, employment policy and active employment policy. After careful examination, two major sets of problems facing the comparison were brought to light. On the one hand, classical difficulties were encountered with the categories of "subsidised employment" and "employment policy" since they are not functional equivalents, in the sense that the policies implemented under these headings do not fulfil the same functions in the different countries; moreover, the close articulation between



employment policies and fiscal and social policies in each societal context prevents direct comparisons on a term-to-term basis.

On the other hand, "active employment policy" introduces a "new" type of comparative problem due to its normative dimension at European level. As Crespo and Serrano Pascual<sup>107</sup> so rightly remark, the EU plays a particular role in promoting this language, which represents more than simply a semantic shift. They view European institutions as *"promoters of ideological socialisation. Whilst it is true that the European Union did not invent the activation-based discourse, it has nevertheless played a major role in its propagation and in establishing the terms in which the problem of unemployment is discussed"* (p.14).

What is the common denominator between the policies implemented in the name of employment that would permit to develop a comparative framework for their interpretation and to avoid the impasse of a term-for-term comparison?

Some of the network researchers<sup>108</sup> have suggested that what are presented as employment policies in Europe are essentially policies that challenge the wage and social rights, and they take the principal form of wage subsidies. This proposal is based on the postulate that all the European countries are following a common trend towards a reorientation of the redistribution of added value via policies implemented in the name of employment.

But in order to trace the perimeter of the measures transforming resource flows in the name of employment, it is necessary to relinquish the idea of using employment as point of entry. The different measures implemented at national level cannot be transposed as such from one country to another. They belong to completely different national realities, meet specific needs depending on the particular national employment and training systems, and mobilise the social actors according to established national patterns of industrial relations. Similarly, the declared objectives for the measures introduced vary according to the country: flexibilise, deregulate, fight unemployment, reduce expenditure on employment, increase mobility, increase the employment rate, improve qualifications, reduce labour costs, make work pay, combat poverty, etc. etc. The measures are thus clearly rooted in the national contexts that have produced them. They target specific populations, and their scope and the role they play in structuring the labour market differ

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<sup>107</sup> Crespo E., Serrano Pascual A. (ed.), 2004, Are Activation Policies converging in Europe? The European Employment Strategy for Young People, ETUI, Brussels, 518 p.

<sup>108</sup> Higelé, J. – P., Khristova, A. (2005) 'La subvention au salaire comme plus grand dénominateur commun des politiques en faveur de l'emploi en Europe' RESORE paper presented at the Porto meeting, March.

from country to country. There are thus no equivalents, in the strict sense of the term, that permit to transpose or compare these measures on a term-to-term basis. And there is thus little point in comparing measures taken out of their context. To cite just one example, the French "*Prime pour l'Emploi*" cannot be taken as an equivalent of the British Working Tax Credit or the Spanish "*contrato para el fomento de la contratacion indefinida*" and "*subvenciones para la transformacion de contratos temporales en indefinidos*", or the German *mini* and *midi* jobs.

These measures seemingly have little in common. Yet they represent what we call "*functional equivalents*". That is, an equivalence can be established in that they fulfil similar functions in each country. This is what creates the continuity and makes them comparable at an international level, despite the specificity of the context within which they were produced. The common function that we can define for all the measures examined, whether they fall under employment, social or fiscal policies, is that they transform the distribution of added value.

The idea of subsidised employment permits to account for changes in the role of the (tutelary) State and in the status of workers, and the dramatic rise of the tutelary allowance regime over the socialised or deferred wage or public insurance regimes.

#### **IV. CONCLUSIONS AND POLICY IMPLICATIONS**

Research at European level is never a simple matter for the social sciences. Besides disciplinary divisions, the encounter between different world views that will sometimes come into conflict is part and parcel of the experience of forming a research collective. The process of objectivation that any research project must accomplish will be marked by the fact that the research teams and their members are rooted in social realities that have been historically constructed within national frameworks<sup>109</sup>. There are two consequences to this: on the one hand, empirical constructions and the theoretical outcome of the objectivation process will be marked by the diversity of individual and social subjectivities (scientific itinerary and schools of thought, national or partly international academic debates...). On the other hand, the policy implications to be drawn from the research will also be marked by political debates at local, national or European level that the researchers themselves are involved in.

This section will examine these two aspects separately. The first part reviews the difficulties facing the research in terms of the conditions of production of knowledge and the advances made, presents the results obtained concerning the mapping of the European research area, and then discusses the perspectives opened with regard to the transformations affecting the salariat, workers' resources and social rights that will permit to pursue and diversify the analysis. The second part seeks to draw out some of the policy implications of the work accomplished. These two parts also reveal the limitations of the research stemming from the limited duration of a project conducted in a political space undergoing significant changes.

##### **1. Conditions of the production of knowledge, advances and research perspectives**

The structure of the project deliberately prioritised a thematic approach that grouped teams and researchers from different disciplines. This vision corresponded to that of the 5<sup>th</sup> European research framework. However, the focus on the implications of social policies with regard to changes in the financing of employees' resources, rather than on social policies as such, provides an alternative point of view to the entry via solutions linked to the economic sphere or the study of forms of domination as had been the case in several earlier research projects. Overall, our research permitted to clarify the contradictions at work: these were interpreted either as a crisis of capitalist systems

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<sup>109</sup> See the analysis of a similar experience made in the frame of the European network EPUSE in Paugham, S., (2000), *'Le salarié de la précarité'*, Paris, P.U.F., pp.15-17.

whose outcome is particularly uncertain, or as a conflict of interests between the attempt to impose the capitalist monetary constraint and the attempt to escape it.

The focus on pension reforms and subsidised employment was based on a two-fold hypothesis: first, that work producing wealth is not limited to work recognised in employment, and there are thus forms of production of wealth that are not socially recognised by employment (which is in agreement with innumerable gender studies). Are these forms still recognised by employment-based and citizenship-based social rights? Second, if the wage is the channel for social protection resources, how is this institution being transformed? What are the consequences for the status of the worker and his or her capacity as citizen to participate in the construction of democracy? The reasoning, thus, from the start, was based on a dynamic approach: the research focused on the meaning of the changes currently taking place, as opposed to approaches of a more static nature (societal analysis, typology of welfare systems) or more directly prescriptive (transitional markets, capabilities, social policy or welfare studies). Furthermore, the processes studied are not taken out of the social context: the emphasis on actors signifies that it is the relations between groups of actors that are the driving force behind the changes; but this does not mean that these relations are independent of structures or “instituted processes”.

The focus on actors can also be considered as one of the important advances provided by our research. Examining the question of power over resources and social rights means looking at the collective actors intervening in this field. However, as Wallerstein (1991, p.45) <sup>110</sup> has so rightly noted,

*“Political power only exists in dispersed form. The State apparatus holds an important part of it, but does not exhaust it. Although we do not know how to quantify power, I would argue that States hold less than half of the real power in the economy-world, and even that is probably an exaggeration. Holding power means exercising control, in economic institutions, in structures that have veto powers, or cultural formations. In this sense, power also belongs to social movements”<sup>111</sup>.*

Since our research was centred on the wage, the three most important actors were employers, unions, and the public authorities. It is not often that they are analysed from

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<sup>110</sup> “Impenser la science sociale; pour sortir du XIXème siècle”, edited by PUF (1995), the French translation of the book “Unthinking Social Science. The limits of Nineteenth-Century Paradigms”, edited by Polity Press in association with Basil Blackwell.

<sup>111</sup> Free translation from Merle Shore.

Resore's particular angle. The reform trends prompted us to focus more particularly on the unions and the representatives of the national states in the construction of Community policies. This approach can contribute to furthering the interaction between the study of industrial relations and the socio-economic and political study of wage formation. The extensive studies of EU and national discourses on employment policies and pensions are based on a methodological and epistemological approach to the forms of political discourse; they provide a critical perspective on the underpinnings of Community propaganda. These studies are to be linked to the more historical studies on the participation of the various actors in the European construction process, and particularly on their meaning with regard to the confrontation between different social groups or classes undergoing change.

Finally, what is the contribution of the comparative approach? Or, rather, can one still talk in terms of international comparison, and what then are the issues at stake for research on European topics that are highly political? The entry through the institution of the wage and its mutations, using an interdisciplinary approach, provides an innovative contribution. This institution was the analytical tool used for our comparative approach that, from the outset, took a societal analysis as starting point. It should be noted that the comparative approach here is not simply a methodology, it is a research strategy. Thus, the theoretical framework of resource regimes, initially constructed on the basis of the continental model of social protection, could not have grown out of a purely national analysis. It permits, as does the instituted process approach, to seize the transformations occurring at European level, and thus widens the space taken into consideration. This means that our comparative strategy permits a fresh view on public action, both national and European. The approach through resources and rights permits to examine public intervention from an angle that has traditionally been the subject of separate analyses: social policies, employment policies and fiscal policies. The role of the public authorities is thus approached as a whole.

### **1.1. RESORE and the European Research Area**

The Resore project is the result of a collective endeavour which began in 1997 with the thematic network launched on the initiative of the French team, by then convinced of the need for a European comparative analysis. The initial network comprised the Italian, Spanish, Portuguese and British partners, and was then enlarged in 2000 to include the Dutch and German teams. The Belgian team joined in order to meet the necessity of integrating an analysis of the EU level. The Austrian team joined when one of its researchers, who had been working in the British team, returned to Vienna. Some of the key criteria for bringing in new partners were the model of social protection (the

Netherlands) and research work on the union actor (Germany, Austria and Belgium). The Southern European members of the original group had been brought in on the basis of a proximity with the work of the French team and the previous relationships established with the researchers in different international networks. The aim was to provide a response to the relative domination of the Northern European countries in the research on social rights. Disciplinary diversity and the participation of women were other criteria for the choice of members.

The architecture of the research and the style of co-ordination permitted to define the research project collectively. After that, the teams forming each of the research tasks, headed by a task co-ordinator, prepared the outline for their field and the different productions that were then debated, in sub-groups and by the whole group, at the bi-annual meetings in order to advance with the research in as collective a manner as possible. From this it can be seen that the network prioritised a collective learning process. From the outset, the group accepted the challenge of two major difficulties: the division of knowledge and the link between objectivity and subjectivity inherent in the social sciences. Immanuel Wallerstein (op cit, p.41) highlighted the fundamental underpinnings of the first difficulty when he wrote, *"The serious problem with the division of knowledge is not so much the isolation of specialists in their respective fields of knowledge, but how they see the others: their idea of them is bound to be outdated"*.

Indeed, while the 19<sup>th</sup> century led to a an attempt to rationalise the division of knowledge, we are today entering a period where the social sciences see themselves as dialogues, and a similar trend seems to be affecting the exact sciences. While this first difficulty stemmed from differences in personal and academic itineraries, another difficulty arose from the differing degrees of proximity the teams had with the social actors. This proximity conditions the receptiveness of researchers to a more applied or a more theoretical approach. It can thus be seen that the collective conditions of the process of objectivation were shaped by a web of individual and collective subjectivities. This is why the objectivity of the results is the outcome of a learning process where each participant accepted to be submitted to the inter-subjective judgement of all the group members.

These practices and the ideas underpinning them were thus the starting point for the geographical examination undertaken by the co-ordinating team of the European research area in the fields addressed by the Resore project<sup>112</sup>. The research projects participating in the 5th Framework Programme were asked to provide the Research

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<sup>112</sup> For more information, see the French report in the appendix, and the website.

Directorate General with a mapping of the EU Research Area in their field. The main objective for the RESORE project was to improve knowledge of teams and researchers working on both employment and social rights. This task presented numerous difficulties, but the main one was directly related to its objective, that is, how to define a field of research combining various lines of enquiry that have mostly been addressed separately until recently. This is shown in the RESORE papers dealing with the state of the art on social rights, pensions, labour market policies or industrial relations. Another difficulty arose from the research milieu itself: it is easier to find useful data on researchers and publications than on research teams or institutions, especially in the academic world; while some clearly address questions directly linked to ours, only a few researchers deal with employees' resources and social rights. Consequently the network decided to set up a progressive methodology in order to overcome these problems. Finally, research teams were identified within three main research fields (*Social Rights, Labour Market and Wage*) and a simplified tool, available for the research milieu, was set up and can be consulted on the website.

The result, a database, would be improved by an interactive process between the teams concerned, and particularly those that have not yet been included, and the researchers who manages it<sup>113</sup>. The information requested and the themes prioritised could also be modified. But it will always be difficult, given the division of knowledge and the pre-eminence of individual publications in academic careers, to link this kind of tool with a higher quality of the research in terms of the state of the art. The data were collected from publications cited by RESORE researchers, other national teams they were in contact with, and the European networks recorded in the Community documents in our possession. They cover 23 European countries, and 208 research groups. To begin with, we may note that the nine countries of the RESORE network account for more than 80% of these 208 research groups. The most frequently represented countries are France (47 items), Germany, Italy and the United-Kingdom (20 items each). These countries are followed by Austria (15 items), the Netherlands (14), Belgium and Portugal (12) and Spain (7 items). The most frequent research theme is "Labour Market" with 155 research groups working on this topic. Then, "Social Rights" is registered in 105 research groups and only 47 institutions deal with the theme "Wage". Overall, for the 208 research groups recorded in 23 countries, 75 work both on Labour Market and Social Rights, 44 work on Labour Market and Wage and only 28 deal both with Social Rights and Wage. These last 28 work on the three themes together.

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<sup>113</sup> The tool was conceived and set up by the coordination team, namely Frédérique Bey and Virginie Vathelet, with the help of Ragnhild Barbu and Jean-Pascal Higélé.

The current tool provides a snapshot of the research field close to our research interests. It does not claim to be exhaustive in terms of teams or of countries. Further work would be required in the following areas:

- EU Member States not yet represented in the mapping, such as Estonia and Latvia, should be included at a later stage, and further work to add information on Associated Candidate Countries such as Bulgaria and Romania is in progress.
- The names of researchers who are listed in the data base are at the present time considered as too volatile a variable, which is why we have considered that this element would not be the object of a possible data extraction. In their current form, these elements are not satisfying and need to be updated at least twice a year.
- The secondary keywords are not reliable for the moment and consequently they cannot be fully used for exploitation. A further attempt will focus on sharpening these data in order to give the opportunity for providing additional information for a particular database exploitation.
- With regard to the “free choice of keyword” option, it will be attempted to render the tool more efficient so that a better extraction could be produced even if we are fully conscious that some limitations will remain.

Further limitations that should be noted are:

- This kind of tool needs to be compared with the results of similar endeavours. It could be of interest to compare this mapping with work carried out by other project teams in the fields addressed by the network. The short-term objective could target a few projects in order to first get in touch with coordination teams and bring complementary information to the mapping.
- Another concern would be to regularly update the database at a rhythm of twice a year at least. If this tool is to be efficient, some modifications have to be provided since the information can rapidly become obsolete due to several factors that we have to take into account, such as research mobility, changes in the research milieu, gaps and shifts in research interests. But the crucial point to be considered is the future of this work after the completion of the RESORE project.
- Last but not least, it is worth mentioning that the mapping is to be used carefully. For a better exploitation, we have simplified keywords, which also means that the



mapping does not provide the orientation (mainstream, critical...) or the theoretical backgrounds. Extensive work remains to be done on this aspect.

To conclude this point, we would like to stress the challenge involved in organising human science research at EU level. Methods for organising a common research practice need constantly to be invented and re-invented as the project and the research objectives evolve. The strength of our network has been its capacity to construct common tools for the description of social realities in the field of social rights to resources, thereby overcoming the obstacle of apparent situations of national particularities<sup>114</sup>. However, although this was an essential stage, it did not permit to solve all the problems. The same tools can be used for different interpretations: this is also where the scientific approach is of interest, in that it opens the way for the confrontation of theories. Furthermore, the question of finding the most appropriate scientific form to be used for comparative analysis, even when equipped with common tools, needs to be raised each time a new research framework is defined to cover a different number of distinct countries. New avenues were opened permitting to approach the particular political situation created by the dynamic of European integration. The latter forces researchers to open up the boundaries of knowledge, since the context has shifted from the strictly national, of which little remains, to a network of political, economic and social inter-influences that is increasingly open to European and global systems. This does not exclude the fact that the overall political direction taken by the reforms studied appears to be undergoing a process of homogenisation. A comparison between EU countries, concerning any social fact, thus must necessarily integrate the idea that they function within a single European system that is clearly hierarchised on the legal, monetary and economic planes to the benefit of the EU, but where short-term cycles of policy decisions still remain partially dependent on national current events or history. At the short term, that is, for one of the most striking political successes of the EU since 1985 has been its capacity to schedule common landmark dates for the different phases of reform.

Furthermore, we would like to highlight the originality of the steps taken since the writing of the collective book (*Wage and Welfare*). A part of the network mobilised the "transnational" conceptual tools proposed in the book in order to integrate them into the beginnings of a general theorisation of the relations between changes in resource regimes, changes in States and political power, and changes in the content of rights to resources and in the status of beneficiaries. The research completed here permitted this theoretical advance, and it will be further refined in other projects that are now being undertaken.

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<sup>114</sup> see *Wage and Welfare*, Clasquin et al. (eds), Pie-Peter Lang, 2004, Brussels.

## **1.2. Research perspectives**

These are numerous, and some have already been discussed earlier in the report. Certain perspectives are directly linked to the mechanisms of public action, as is the case of the databases that can be of use both for research and for political action/policy making. Others relate to a programme that is more fundamentally linked to the theoretical and empirical perspectives opened up by the joint study of resources and social rights, the labour market and social protection, and the crises and contradictions of capitalism.

Available statistical tools fall far short of meeting our research requirements. European databases constitute a pre-harmonisation of categories that is essentially political, as seen earlier. Because of this, they are difficult to use in a comparative analysis of the links between resources and social rights. Thus, for example, for Spain, the harmonised data on pensions are not consistent with national sources; conversely, information from European statistics permits to obtain aggregated data that national sources cannot provide. It was no doubt with regard to subsidised employment that a crucial lack was most felt, since our research required to aggregate sources mobilising different categories (taxation, employment policies and social security). Even if the definition of this category was problematic, it was precisely for this reason that an inventory of the different types of contracts was necessary. However, it was impossible to define precisely the stock for certain types of contracts subsidising employers or permitting to reduce redundancy costs. It was thus necessary to perform the measures on the basis of figures relating to hiring flows.

The main research results illustrate the need for a closer look at other non-harmonized data sets capturing policy implications on labour market functioning. This is important because if these are neglected, an adequate comparative framework cannot be provided for the measures introduced to implement labour market policies in the different countries, a failing that is amplified by the extensive representativeness of such measures in terms both of people involved and public spending. This is even more important at the European level in regards to policy recommendations made by the European Union, leading to actual overshooting effects of the national public authorities' intervention in the labour market. Empirically, more work is needed to measure the extent of subsidised employment in European labour markets and the changes in resource flows resulting from these policy measures. Indeed, existing comparative databases on labour market policies (OECD or Eurostat) do not permit to carry out a comprehensive assessment of the populations or expenditures related to such programmes. Moreover, pension reforms in particular are relatively recent. Studies

providing an analysis of national data on the effects of the reforms in terms of sources of financing and populations concerned will need to be conducted over the next ten years.

### **1.2.1. Developments of the international comparison on rights over resources: actors and societal characteristics**

The synthesis of the knowledge produced on these questions was not yet fully completed at the time of writing, which is why it is included in our research perspectives. The material collected with regard to the actors in particular needs to be further exploited. Over 60 interviews were conducted in the eight participating countries and at EU level. The analysis has been completed for the national level<sup>115</sup>, but needs to be put into perspective with the interviews conducted at European level, particularly as regards the union organizations or industry federations. This will be undertaken as part of a scientific programme that has just been launched to compare societal characteristics from the angle of the changing power over resources.

The research task on societal logics proved to be too ambitious in terms of scope. Therefore, the results remained at a far more general level than expected, but a more focussed research would have demanded much more societal knowledge. The development of this 'societal sensibility' in comparisons between a relatively large number of countries is one of the lines of inquiry to be followed. The statistical cross-national approach has been one way of dealing with comparisons between a large number of countries, but new tools need to be developed for a more interpretative and comprehensive comparative research. The RESORE project has frequently used synthesis tables and the idea of "functional equivalents", however more systematic and in-depth work needs to be done in this field.

The analysis of the corpora concerning national and European discourse also needs to be pursued and extended. Another new line of inquiry opened by the RESORE project has been the identification and description of the role of national social actors in the European policy recommendations on wages and social protection. Although a European meta-discourse has been fairly precisely defined, its connexions with the discourses of other international organisations such as the International Labour Organisation, World Bank and OECD remain to be explored. This lack of information has made it more difficult to establish causal links between European policy recommendations and national reform processes. Another unexplored area has been the role of national ruling classes in the production of discourses. Is the EU a privileged forum for the diffusion of their

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<sup>115</sup> See national reports in annexe.

discourses? Is it possible to speak of a European 'ruling class' that is independent of national ruling classes?

### **1.2.2. Welfare state, social policy and the life course<sup>116</sup>**

The 'rights over resources' perspective also enables us to make the link between the structuring of resources and life course. The welfare state and social policy have profoundly influenced the life course. Roughly speaking, life courses were quite disparate up to the beginning of last century. We have already noted that the invention of retirement, and its much later generalised institutionalisation can only be understood in a perspective of new rights over resources (pensions of various kinds), and new social categories and identities (the primary pensioner, the widow-pensioner, etc.). During the last century, life courses have been more and more standardized by the state, and in particular by welfare state arrangements, with the exception of (marital) unions and a few temporary disruptions by war or an economic crisis. Indeed, the operations of the welfare state enabled people to plan to a certain degree their life course, because some of the unforeseeable risks were (partly) covered.

The life course can be understood as a more or less ordered set of activities (of learning, working, caring, etc.). The order of the activities is apprehended in research through changes in roles and status characteristics. These activities are arranged and ordered in various ways, with marked interdependencies *both* between the life courses of different individuals as a particular example *and* between activities during a given individual's life course, for example caring, education or life-long learning, and participation in the labour market.

Such an understanding of the life course formulates the links between diverse instituted economic modes (market, non-market and state) both in terms of activities and resources. In a more general sense, therefore, it becomes possible to integrate the analysis of the life course and of social policy in a unified conceptual framework. Our central thesis is that this conceptualisation of the life course and of social policy permits us to elucidate the present tensions (or crisis) of welfare states in an integrated way. More precisely, the misfit between the established channels of the flows of resources and their magnitude underpinning welfare arrangements on the one hand and the emerging structuration of the life course with all its variations on the other hand, is at the basis of the present welfare state dilemmas, when conceiving the welfare economic mode in connection with the other economic modes. This new line of enquiry generated by the

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<sup>116</sup> This discussion was extracted from a recent article by RESORE members: Harvey, M., Maier, R. and Frericks P. titled "The 'paradox of the shrinking middle': life course and social policy", to be published.

RESORE studies opens numerous perspectives, particularly with regard to questions on gender and social protection and on the integration of young people or older workers.

### **1.2.3. Employees' resources, public action and company policies**

This research perspective naturally opens up another concerning public action and resources. Changes in the role of taxation in our different countries and the respective share of taxation and other resources in the wage and social rights, call for an investigation into public financing in the fields of employment, continuous education and social protection. What trends can be observed with regard to the different forms of financing and their respective share in these fields? Who makes these decisions? What are the consequences for public finance? Can the new direction(s) taken by public action be defined, particularly within the framework of European construction?

There are already a few studies on company policies on the wage and social rights, particularly in the case of transnational corporations. This field needs to be broadened in order to refine the analysis of the link between the organisation of work, formation of the wage and social protection; the modes of decision-making that are specific to these companies, and comparisons between companies can permit to better understand the contradictions at work in the delocalisations aimed at reducing labour costs.

### **1.2.4. An Anthropology of money and transformations of the salariat**

Numerous fields of research are opened up by the resource regime approach. It would be of interest to further explore the anthropology of money and its relation to the history of the *salariat*. It is important, from a historical, socio-economic and political point of view, to better understand the underpinnings of changes in the financing of the wage and social rights, and in particular the nature and the meaning of social movements, including the union movement. A more in-depth study of the forms of conflict linked to resource regimes is necessary. RESORE has explored two particular fields, pensions and policies subsidising employment. The theoretical advances can permit to develop hypotheses concerning rights linked to the family, unemployment, health and education.

In addition, it would be of interest to extend this approach to forms of work that have as yet not been studied, and that are widespread in certain EU countries, particularly the new entrants and candidate countries and Italy, that is, what are referred to as "informal" employment. Studies on this topic would also permit to approach other national or supra-national spaces and thus, to attenuate the Eurocentric tendency of the EU research programmes on these questions.

Finally, another area that remains to be studied concerns the changes in employees' perceptions? How do they interpret the transformations affecting their monetary resources? How do these contradictory transformations that modify their status influence their perception of European construction and their possibilities of exercising their citizenship? What new social groups are being constructed and how will they express their demands through the emerging social movements?

## **2. Policy implications**

The policy implications of our research results have to be interpreted bearing in mind the two theoretical approaches in their current development, since these constitute the essential results of our work and will permit its continuation in the future:

- the questions raised within the framework of the instituted process approach, which criticise the policies that have been introduced from the point of view of their consequences on rights over resources;
- the questions raised within the framework of the resource regime approach and that place particular emphasis on the conflict regarding monetary creation, and on the political nature of this conflict.

Both examine and call into question the economic determinism presiding over the construction of Europe. We will thus examine in turn three sets of political consequences of the RESORE outcomes regarding labour market participation, actors and monetary creation.

### **2.1. Labour market participation, resources and social rights**

The examination of the link between the transformations of employment and social protection revealed two main periods that marked the countries studied: until the mid-1990s, employment policies were primarily aimed at the flexibilisation of work contracts; after that, the development of activation policies, in particular to meet the stipulations of the Lisbon Summit, provoked an unprecedented transformation of social rights that raises several questions of a political nature.

The first concerns the identity of the worker. The crucial issue resulting from the analysis of 'subsidised employment' is the tension between labour market participation and the formulation of rights. The employment crisis affecting European societies can be defined as a vehicle for reformulating the conditionalities of rights in a context where the presupposition of work for all is not realistic. Furthermore, the labour market does not guarantee secure job-related rights because of the increasingly transitional character of

employment and professional trajectories. Activation is promoted as a new way of securing participation in the labour market, but such policies mainly entail shifting the burden to workers who are held responsible for their employability. A strong criticism of ALMPs is thus that they are one-sidedly directed at the labour force, in particular the lower skilled workers, and leave the employers untouched. This criticism gives rise to two questions: what kind of social identity is produced by the new conditionalities attached to rights, and what possible solutions can be envisaged?

The question of social identity arises when income rights are replaced by or at least made conditional on activation programs. This shift redefines the normative category of persons at risk and how they are recognised as such. With the emphasis on the importance of individual responsibility to seize employment opportunities, failure becomes the individual's fault. Social security and labour market policies implementing collective contributions and/or taxes in order to protect the less favoured imply the recognition of the 'deserving poor'. Social security based on individual responsibility to reintegrate implies the recognition of the 'successful poor' and the rejection of the 'new undeserving poor'. These different types of recognition express a new norm for citizenship. The tendency is to grant social rights a provisory status: they have to be earned by showing satisfactory social motivation and behaviour. This implies that an identity as a worker is not only dependent on having work but also on taking individual responsibility for investing in qualifications which will facilitate transitions in work and workplaces during the life course.

### **2.1.1. Effects of activation in the Netherlands**

The Resore analyses have shown that the Netherlands offer a particular mix of financing social provisions by combining both tax-related resources and contributions-related resources. This mix has traditionally guaranteed a rather elaborate system of rights to income compensation when out of work, be it through unemployment, illness, old age or disability. But the last ten years have seen a rather radical change in this system of social security and rights: the main aim of social security has been redefined as contributing to reinsertion in the labour market (activation perspective) and income compensation has become dependent on this goal. The social assistance act, the disability act and the unemployment act have been revised from this perspective of activation and the administrative system for the execution of these acts has also been reorganised. It falls out of our scope to discuss this latter reorganisation, but it is important to note that a privatised market for reintegration trajectories has been created which these administrative institutions have to use.

The crucial issue is what effects this activation perspective will have on rights and the constitution of entitled persons/groups. For instance, a vast operation is underway in the Netherlands to re-examine thousands of persons in the disablement act, and this re-examination aims at re-assessing the working capacity of disabled persons. The new act refers people with partial working capacity to the labour market, and when they cannot find work, to other schemes like unemployment or social assistance. In practice, this implies a vast transfer of persons formerly entitled to disablement benefits to benefits of a much lower income level (such as social assistance). At the same time the new act on social assistance has been revised to provide financial gain for municipalities that reduce the number of beneficiaries. The result is that conditions of entitlement are made more stringent, and that people on social assistance are referred to reintegration trajectories aiming at finding work as quickly as possible, without much consideration for long term (re)qualification or for duration of the job. These revisions have only been in effect for two or three years, so it is difficult to get an empirical overview of their impact. But is interesting to note that according to an official monitor, poverty in the Netherlands is rising, especially among



ethnic minorities and benefit recipients. At the same time, the Dutch government claims that the activation policy is working and that participation in the labour market will grow.

This activation perspective can also be observed in Dutch policies aiming at the reinsertion of elderly persons into the labour market and at reducing the possibilities for early retirement. At the same time a life course savings scheme has been developed in order to facilitate 'time out of work' for care, study etc.. The creation of this possibility is expected to stimulate participation in the labour market because it offers individualised and flexible options for leave. But at the moment it is not at all clear that this will happen because the scheme is not adapted to the diversity of life styles existing between different groups.

Instead of this individualising outcome, it would be a different matter if work-related rights were designed to sustain social or collective regulations for continuous qualification and mobility during the life course. Such a perspective would deal with the new dynamics of the labour market and processes of individualisation without placing the responsibility for adaptation on the supply side of labour. Defining social rights regarding work, qualification and connected risks in this kind of collective perspective would mean the production of a different social and political discourse. And in this discourse, linkages between rights and resources would imply the formulation of flexible arrangements without losing sight of the need for social security.

While it is clear that all European societies are experiencing an erosion of employment-related social rights, the question is: are new social rights emerging, and how can they be analysed? The European Employment Strategy stressed the linkages between employment and social security, and lively debates are taking place on the ways in which these linkages should be reformed. As far as the emergence of new social rights is concerned, for instance the right to lifelong training promoted by the European agenda, an approach in terms of resource regimes highlights a number of crucial issues: how will these rights be deployed across the population and instituted so as to provide stability? Which political institutions will support, finance and assess their implementation?

Within the Resore network, the capacity to formulate concrete recommendations depended to some extent on the particular history of the various research teams, and their degree of proximity to the policy makers. The box below, which presents the example of Germany, goes the furthest at national level. Further examples will be found in the overviews of our research results to be presented in national publications in the two years to come.

### 2.1.2. The example of Germany

The WSI-team focussed its national research on minijobs and midijobs as a form of the subsidised employment defined in the RESORE network. Since the implementation of mini- and midi-jobs in Germany in 2003, there has been a strong rise in the overall number of people employed as minijobbers: from 4.8 million persons in March 2003 up to 6.8 million persons in June 2005. This increase is divided between two different groups: minijobs as sole employment (exclusive minijobs) and minijobs as additional or secondary jobs parallel to regular/fulltime employment (additional minijobs). In particular, the increase in additional minijobs was very strong (0.7 million in March 2003 to 1.7 million in December 2004).

The analysis shows that, compared to "regular employment", minijobs are associated with a range of different problems. Here again, exclusive and additional minijobs must be differentiated. There is, for example, the precarious social security status of exclusive minijobbers, and also substitution effects on employment liable to social security contributions, which lead to declining public revenue and shortfalls in contributions for social insurances. Not to mention (gender-) segregation effects within the labour market and effects on the link between employment and welfare in general. On the other hand, for persons with additional minijobs, social security status is covered by their regular employment. The same form of subsidy for exclusive minijobs and additional minijobs, thus, has a differential result: on the one hand it privileges already-employed persons by providing cheap extra earnings; on the other hand it contributes to substituting precarious employment (minijobs) for employment liable for social security contributions.

The best solution from the German team's point of view would be a fundamental reform leading to the abolishment of mini- and midijobs. Instead, a digressive, tax-financed subsidization of social security contributions for low income earners is proposed. This subsidization is not focussed on the creation of additional employment in the low wage sector by reducing social contributions, which, as ample national and international experience shows, does not work at all. Rather, it would aim primarily to increase employees' net income without reducing their

rights to social security, as well as to permit more flexible employment structures in the part-time sector.

Alternatively, as such a fundamental reform is likely to face fierce political opposition, several gradual steps in the frame of the current system are proposed:

The first is to *abolish minijobs as secondary jobs*.

Second, minijobbers should be granted access to unemployment insurance (benefits concerning active labour market policy), because minijobs are mostly qualification and income traps that fail to create a bridge to the first labour market.

Also the importance of a *minimum hourly wage* must be emphasised, because 50 % of the minijobbers have earnings under the minimum wage level.

For trade unions, we suggest the development of *special work agreements* together with works councils concerning minijobbers, in order to restrict as much as possible employers' options to play off regular employees against minijobbers. As there is a lack of works councils in the main sector employing minijobbers - the service sector - the preconditions for such agreements are, however, difficult to achieve.

The second question primarily concerns women. This example, like the comparison of fiscal policy measures and employment policy, shows the extent of the political action that would need to be undertaken in our different European countries to develop gender equality with regard to social rights. The link between the labour market and family policy is essential here. Let us take the example of Austria presented in the following box. While the recommendations are less clearly expressed here, they are indicated directly by the analysis.

### 2.1.3. The example of Austria

Since the feminist critique of the welfare system is now more or less considered common sense in critical analyses, the **employment-centred, marital-status-oriented character** is identified as source of a number of shortcomings concerning women in particular and “atypical” forms of employment. Though the Austrian system of social rights covers about 99% of the population, young people (youth, children) and housewives are only “co-insured”, hence they do not acquire social rights for themselves. “Standard employment” (8hrs/day, 40hrs/week, 40 years of work) traditionally represented a male-dominated employment trajectory, which is also facing erosion in Austria. Traditional forms of family life are also eroding, though a new division of labour concerning domestic responsibilities (childcare, there are not enough public child care facilities) has not emerged. Hence, women cannot achieve an uninterrupted employment trajectory to build up adequate social rights. Social security reforms implemented since the 1980s have strengthened the insurance principle (Versicherungsprinzip), and this has amplified the problems for women and atypical/precarious employees.

The Austrian state spends a large amount of money on families but does not provide adequate services for childcare etc. Hence, the institutional forms of these transfers tend to serve to strengthen **conservative forms of family**. Some tax-exemptions only apply for single-earner households (“Alleinverdienerabsetzbetrag”). Some benefits that would be employment related – such as “Notstandshilfe” (unemployment assistance) which is paid after unemployment benefits cease – are based on the principle of subsidiarity. Hence, if the partner earns too much the benefit is lost.

The newly introduced “Kinderbetreuungsgeld” (childcare allowance) of € 436 paid for 36 months (30 if only one parent receives the allowance) is a universal benefit that has replaced the traditional form of parental leave benefit (“Karenzgeld”), which was an employment-related, insurance-based benefit (Rosenberger 2001). Hence the new benefit and its funding are separated from employment status. Protection against dismissal is only offered for 24 months under the regulations covering this childcare allowance. The new government planned this benefit as a

way to combine work and family life and to increase birth rates (to secure pensions and prevent immigration). Recipients of this benefit can take up employment up to a certain level of income.

However, the rules concerning this new family benefit (e.g. protection against dismissal limited to 24 months; abolition of part-time parental leave, which was relatively frequently taken up by men; abolition of training possibilities by the Austrian Employment Service for women/men who return to the labour market) make parental leave less attractive for men and thus serve to strengthen traditional forms of the division of labour between men and women. Considering these rules together with the wage levels and employment situations of many women – in particular those who work part-time – this benefit can clearly be seen as an incentive to stay at home and to create a flexible reserve army of labour/foster low-wage employment.

These two issues and the examples provided show how our questioning reaches beyond our two fields of research and concerns the whole range of social rights and the well-being of our populations. We will now examine the consequences of the analysis of pensions in Germany in the box below.

#### **2.1.4. Pension reforms in Germany**

The main focus of the German team regarding pension reforms in Germany was on what is known as the Riester pension reform (named after the former labour minister Walter Riester) introduced in 2001. Although a mix of statutory pensions (so-called first pillar), occupational pensions (second pillar), and private savings (third pillar) was already present in the previous system (with the particular importance, however, of the first pillar, which was meant to be the main source to guarantee pensioners the maintenance of their previous standard of living), the Riester reform can be considered as a fundamental and “paradigmatic” change. While on the one hand the public pay-as-you-go system was cut back considerably (so the public pension will no longer provide maintenance of living standards for future generations), the second and third pillars were strengthened by extensive state support, e.g. tax exemptions; exemptions from social security contributions, and public subsidies. Thus the old system of private and occupational pensions, which was designed to provide *additional* income to the public

pension, especially for high income earners, has been replaced by a (still) voluntary old age security system supported by the state, which plays a much more central role for income maintenance of future pensioners.

Other important steps related to this reform were:

- an improved recognition of care work;
- stricter eligibility criteria for survivors' pensions;
- new rules for minimum benefits: needy elderly are given easier access to a special form of social assistance with a simplified means test. The obligation for adult children to support their needy parents was revoked.

The assessment of the pension reform of 2001 is ambiguous:

On the one hand, the introduction of a tax-financed minimum benefit ("Mindestsicherung") for retired persons was a positive element of the Riester reform. The "Mindestsicherung" provides for a slightly higher income level compared to the social assistance benefit, which needy elderly were forced to turn to before the reform. In addition, adult children are no longer held responsible for supporting their parents. This kind of system can also be considered to be less stigmatising than social assistance. Thus, it presents less of a deterrent for pensioners living below the poverty level who are ashamed of showing their poverty, or prefer not to burden their relatives. The greater recognition of care work, leading to higher pension entitlements especially for women, is another positive element of the reform.

On the other hand, there are other problems that have not been adequately addressed. Despite the considerable shifts from the first pillar to the second and the third, from pay-as-you-go elements to capital funding, the (financial) sustainability of the system, which was one of the important aims of the reform process, remains to be secured. The public system is under constant financial pressure, e.g. in 2005 pensions could not have been provided without an additional temporary tax credit from the state budget. Another severe problem is that take up of the state incentives for the "voluntary" funded old-age security in the second and third pillars has thus far been hesitant. Against the background of the cut-backs in the realm of public pensions,

considerable gaps in the provision of old age income are to be feared for the future.
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It would be essential for a new debate on reform to bring the issue of an adequate pension level to the fore - independently of the political struggle over how this aim could be achieved - and not only focus on labour costs and rising social security contributions. The possibility of compulsory rather than voluntary schemes in the second and third pillars should be taken into account for future reform discussions.

These recommendations have been formulated in terms of the creation or disappearance of rights in relation to instituted economic processes concerning resource flows. From this point of view, further presentation of diversified national prescriptions would be fruitless in the frame of this report: they cannot be subjected to a term-to-term comparison since they reflect a variety of forms, even if expressing common trends that can be related to a state of crisis in capitalist systems. This state of crisis raises new questions for work and employment, out-of-work and out-of-employment, as regards the link between labour market, reproduction of the workforce and economic growth. Mark Harvey (2005) has summed up this issue in his theoretical overview as follows<sup>117</sup>:

“One of the main results of the analysis presented above, and of the empirical work of the Resore network, is that new developments in Active Labour Market Policy and in pension reforms across Europe act in tandem to intensify and broaden the constraint to engage in paid employment during the peak years. They are ratcheting up the constraint to exchange labour for wages. Following education, education, education, it must be work, work, work. Is this really a sustainable way forward for the development of capitalism? Apart from the fact that there are no guarantees that increases in levels of skills immediately or even necessarily translates into increases in productivity proportionately greater than the growth in resources dedicated to education, lifelong learning becomes increasingly incompatible with continuous employment in the peak years. There are also demands for care, child and elderly, that remain not only undiminished, but, one hopes, can themselves be continuously enhanced, as with the enhancement of health care. With these contradictory pressures and demands, it is difficult to envisage that the intensification and extensification of work during the peak years can be generalised to an

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<sup>117</sup> Référence del 37.

extent that enables resources to be flow in the current channels of taxation and social insurance in a sustainable way. The paradox of the shrinking middle lifecourse phase or salarial fiscal base does not appear to be resolved by attempts to intensify and extensify employment rates during the peak years.

Then spend, spend, spend: this is the goal of a developing capitalism to produce and construct a period of life beyond employment. As part of the intensification and extensification drive, the pension reforms bring into the foreground not only early retirement but also the age of retirement in their attempts to increase pressures on everyone to complete a forty year stint of waged employment – *as a minimum*. This can be seen as a setback or defeat for aspirations. We have argued before that the production of good health and a correlative long life is a social and economic achievement, enjoyed only by advanced capitalist economies. The crisis is not one of longevity or lower fertility, a demographic time bomb. The aim *is* to create a shrinking middle, or rather to spend less and less of life constrained by waged employment. In the context of the growth of societal wealth, it is a crisis of how to finance an ever increasing right to resources to sustain a longer and longer life and develop a less rigid lifecourse structuring of employment, on the basis different fiscal constitutions than those of current arrangements. How is this possible? Is it possible?"

## **2.2. The actors: State, social partners and European construction**

We find that the solutions proposed will differ depending on the country and its historically constructed characteristics, as well as the place of the researchers, their personal and institutional trajectories and their theoretical choices. For certain countries, the role of guaranteeing distribution falls on the public authorities. The German team argues that the wage-welfare nexus has to be linked more to a tax-welfare nexus. An extension towards more tax financing in Germany is suggested: "We do not see a problem in organising social (security) interests by more taxes instead of contributions. The kind of taxation is a political issue concerning the redistribution task of the welfare state". This position can be explained in the light of the societal characteristics specific to each country. For Germany, where the Bismarkian tradition has been strongly challenged by reunification, and where sectoral bargaining plays a strong role in the negotiated modes of wage formation, it is a novel standpoint, and it certainly opens perspectives on



new approaches to taxation and therefore to the national State in its relationship to employers, as well as the relation between national and European levels.

The studies also question the role of the employer. The employer, viewed as job creator, is the principal beneficiary of the measures designed to develop employment, in line with neo-liberal arguments that place the motor of the economy here. Exemptions from social contributions amount to subsidies, and it can be considered that the overall regression of social protection is an indirect form of subsidising enterprises, favouring a flexible use of labour by eliminating redundancy costs in particular. Social rights are presented as a burden, a cost that reduces the economic efficiency of the company. The latter, moreover, is often an abstract entity (company or SME) in an ideological discourse, a catch-all term for a heterogeneity of situations depending on the size, branch and organisation of the enterprise. A narrowly economic perspective on social inclusion serves to disconnect social rights from the employment relation. As for the term “employer”, we have already seen that addressing the question of what falls into this category, in terms of policy implications, would require prior development, in collaboration with researchers already working on the problematic, of a field of research on the question of resources and social rights in the forms determined by companies. This was not Resore’s focus.

However, the interviews conducted with union organisations and “*passeurs*” permit us to make some observations in line with our theoretical perspectives on issues that have also been addressed by other researchers<sup>118</sup>. The interviews were designed to provide an initial understanding of the national/Community relationship concerning the determination of employment policies and pension reforms. They permitted to further the analysis of the social actors and their understanding of European discourses and policies. It can thus be noted that the most widespread idea in the trade unions’ perception of the influence of the EU is that of the autonomy of national levels in relation to the European level. Nevertheless there is the idea that the discourse on the necessity for reform, present in all the European recommendations, is an important source of pressure on national governments. This shows that the EU is given an ambivalent role. Some unions’ national representatives, such as those from Germany and the United Kingdom, said that the European level can be used to counteract neo-liberal policies. These were the countries where trade unions have failed to influence government policies, and the EU is thus seen as a potential ally in their political struggle.

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<sup>118</sup> See the work from Barbier J. - C. and Scylla, N. S., (2001), ‘Stratégie européenne de l’emploi: les représentations des acteurs en France’, rapport pour la DARES et la Délégation à l’emploi, décembre.

However, the national actors' perceptions of the policies promoted at European level, as well as their role in these policies, can vary widely depending on whether the topic is employment policy or pension reforms. This is where societal systems that are most often constructed within the space of the nation-State intervene<sup>119</sup>. Let us take the example of the Spanish unions: Most of the European recommendations with regard to retirement pensions are accepted, and the unions feel that the agreements signed (in particular the Toledo Pact and its adjustments) have permitted the reforms promoted at European level to progress, and there has been little conflict over this point since then. In contrast, with regard to employment policies, the unions suggested that a greater harmony between national and European policies would be good for workers and the labour market in Spain. The Spanish "*passeurs*", on the other hand, were more deeply rooted in their national social and economic realities and less concerned with European orientations.

On the basis of the national reports, it can be seen that the major problems with regard to European construction are posed in terms of democracy. Many of our research teams indicated that the elaboration of European policies should be more open to national actors (and therefore to the national realities that these national actors have in mind) to avoid the image of de-contextualised and out-of-date recipes. The integration of national actors is necessary if European policies on social protection are to be more than merely the result of European economic and political elites. The OMC (Open Method of Coordination) comes in for particular criticism, notably that it must not be a one-sided process. It is not a politically neutral instrument (see the different evaluations and contradictory aims of the OMC given by the German EMCO and SPC delegates<sup>120</sup>). While the method's benchmarking can produce certain best practice effects, for instance, it can show examples of a successful tax-based social security system in Nordic countries, it cannot be presumed, in a context of different social systems, that there is one best way for Europe. On the other hand, the method can be used to legitimate national (neoliberal) policies by referring to a supranational discourse, as well as to cover up a socially unbalanced integration process driven by economic interests. In summary, for some researchers, and for these reasons, more regulations are necessary to protect "the" European Social Model. Suggested instruments are: more binding minimum social standards in the European context, accompanied by a complete rethink of the European Constitution in a social sense.

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<sup>119</sup> See national reports and particularly national exploitation of interviews.

<sup>120</sup> See German national report.

The resource regime approach provides a different analysis, and different observations and implications. The issue of democracy remains central, but primarily concerns the issues at stake in monetary creation. Beyond the political sociology of the union movement in the different countries and at European level, it is important to understand why it is so difficult for the unions to mobilise around alternative proposals. Let us take the example of pensions<sup>121</sup>.

Even if the pension and pre-pension reforms go against public opinion, and exacerbate the political crisis, and even if strong opposition has been expressed, as in the large demonstrations in France and Austria in 2003 or the recent general strikes in Belgium, the unions have been left dumbfounded, and incapable of finding a majority within their organisations to support an alternative discourse. One could of course point to the impact of globalisation, which has caught unprepared a movement that remains insufficiently organised at EU level. It is true that pension rights, like the majority of social rights, were won in the 20th century within a national framework, and that the construction of Europe has provided the opportunity for intergovernmental initiatives to reduce them. But the unions' paralysis predates the Single Market Act and the booster it gave to EU initiatives.

We need to understand why opponents of the current counter-reforms are unable to make even a common sense discourse heard, in the face of national argumentations repeated at intergovernmental level in the OMC on pensions. If we are to believe these arguments, the growing proportion of over 60-year-olds will put increasing pressure on the active population, it will be impossible to raise the %GDP from 12% to 16% over the next 50 years to finance public pensions, and accumulating savings today will permit to cope with a drop in the product of labour tomorrow. All this is absurd, and yet, "it works"!

The explanation, in Friot's view, lies with the fetish made of money. As witness to this, we can cite the unions' incapacity to confront the monetarist counter-revolution of the 1980s, or even to see the connection between it and the arguments of the current counter-reformers. What does this mean?

Thanks to the gains of a century-long conflict over the wage, each job has become the occasion to finance social protection in addition to the wage of the employee, and in the field of pensions, to undertake three unprecedented operations:

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<sup>121</sup> The following paragraphs were taken from the paper presented by B. Friot at the international colloquium organised by the Institut de Sociologie, «Vivre ensemble au XXIème siècle», ULB, 6-7 October 2005.

- to create social contributions to attribute value to the work of current retirees;
- to attribute this value on the basis of their best earnings;
- to attribute this value through contributions that are immediately transformed into benefits, without any form of financial savings.

Pay for retirees' free work, the transformation of the qualification of the job into an attribute of the employee that secures the continuation of the wage until death, the attribution of rights to a share in the money created in the future without feeding the capital market: all the ingredients for a radical challenge to the capitalist monetary constraint, and thus to the subordination of labour to capital, are present in this *salarisation* of retirement.

This is why the European governments have put all their energy into maintaining the EU in the role of a monetarist counter-revolutionary club. Raising the retirement age must make it possible to put an end to paying for free work by turning retirement into a time of leisure in compensation for a (long) working life. The contributory nature of benefits (that famous actuarial neutrality of the Swedish and Italian reforms cited as a model in the Open Method of Coordination) must surely make it possible to revive the good old capitalist dream of the wage as the price of labour power. The freeze on first pillar pensions – declared to be public, State and basic – opens the way for the second and third pillars of employee savings, and bases the right to the distribution of money in the future on investment income.

The paralysis of the unions and their incapacity to promote the revolutionary *salarisation* of retirement stem from the fact that they have not undertaken to fight the money fetish on which the counter-revolutionary argument is based. If money is not a social relation, if it is the passive expression of a value that has also been naturalised and identified with what valorises capital, then of course the first thing to do is to "make a bigger pie" with the product of labour subordinated to capital, so that it will be possible to "tap" it for funds to pay pensions. This kind of fetishism opens the way for the inept argumentation on "compulsory deductions", the "transfers" for "solidarity between the generations" because of "the active financing the inactive", on the "old-age dependency ratio", the "sustainability of public pensions", "strictly contributory benefits" as the ideal of social justice associated with a "guaranteed minimum income" against the "risk of poverty", and on the necessity for "funded schemes" in order to cope with the bottomless pit that our "ageing populations" are digging.

### **2.3. Implications of the resource regime approach: democratising monetary creation is the key to the continued emancipation of work<sup>122</sup>**

A resource regime is anti-capitalist if it is able to subvert the capitalist form of the subordination of labour by challenging the three dimensions of the capitalist monetary constraint. (the affirmation of profit-making property rights, the sole valorisation of work dedicated to capital, and the guaranteed minimum income for invalidated workers) and by attacking the money fetish. The emancipation of work that it produces will thus be commensurate with:

- the concrete experience of the pointlessness of financial accumulation that it makes possible, countering activity savings and the pre-financed wage that promote it on the basis of the savings fetish;
- the gap it opens between the work it valorises and work dedicated to capital, countering the deferred wage, the bare benefit/wage and activity savings that superimpose the two;
- the political capacity it attributes to individuals in monetary creation, countering the tutelary allowance that implies the victimisation of the individual and the other four capitalist resource regimes that fetishise money;
- the generality of the populations and social needs it covers, countering the specificity of the corporatist wage and the division of resources into pillars that the capitalist monetary constraint implements.

What is the anti-capitalist potential of the two resource regimes that emerged during the 20th century as a result of the confrontation with capitalist resource regimes, namely, public service and the socialised wage? It should be noted that, even if it is convenient to classify the first as Beveridgean and the second as Bismarkian, specific societal logics do not call into question the transnational nature of the class confrontations constituent to resource regimes. A meticulous study of each country's specific mix of resource

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<sup>122</sup> For an in-depth understanding of the conflictual articulation between resource regimes and their attendant issues of the fetish of profit-making savings, the contributory nature of resources, the power of individuals in monetary creation and the universality of the regimes, see Friot B., (2005), *Le salariat : pour une approche en termes de régimes de ressources*, paper presented at the RESORE meeting, Nancy, September, from which the following section has been extracted. Available on the website.

regimes<sup>123</sup> would be necessary for an interpretation of these confrontations, which typologies by country do little to explain<sup>124</sup>.

In these two resource regimes, the attribution of value to the free work of pensioners is not accomplished through a monetary creation that feeds the growth of capital, either by capital gains on capital markets, or by returns on investments. It is accomplished through a monetary creation that curbs the share of capitalist money in the GDP, that is, by allocating a social contribution to each wage (socialised wage) or by creating a tax (public service) and transforming these immediately into pensions. The provision of health care, to take another example, is carried out by the work of health carers that is not dedicated to capital and yet to which a value – that increases the GDP while marginalising capitalist profit – is attributed by social contributions or taxation. Social contributions and taxation secure such long-term and massive commitments as pensions without any form of financial accumulation, without having recourse to profit-making property and its fetish on savings – that value-freezer and instrument of a fantasised inter-temporal transfer which individuals would make to themselves. The instantaneous mutualisation of the wage or tax shows their capacity to replace ‘insurance’ savings.

This potentially universal disconnection between subordinated work and rights to resources, and this capacity to replace profit-making property rights, make public service and the socialised wage anti-capitalist resource regimes, but not without contradictions. Public service can provide free coverage of a whole need for the whole residential population, on the basis of taxation linked to citizenship and without having recourse to savings, which corresponds to the characteristics of an anti-capitalist resource regime. It encounters greater difficulty in ensuring the generality of a monetary provision such as pensions or unemployment benefits, since residency has yet to prove its efficiency as a criterion for valorising the work of retirees or the unemployed: here, public service provides a flat rate benefit to meet the need to have what is deemed an adequate standard of living. But in reality, this situation also holds for free services: for the public service regime, the issue is not so much to valorise the work of health carers, teachers or building technicians than to meet a defined level of health care, education or housing needs. Because it only ensures monetary creation for the sake of meeting a “need”, public service introduces a new form of monetary constraint that is vulnerable to the capitalist form. It of course relaxes the latter by distributing free services and universal monetary benefits and by limiting the field of profit-making property rights through a

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<sup>123</sup> See for instance, Biernacki, R., (1995), *The fabrication of labor: Germany and Britain, 1640-1914*, Berkeley, University of California Press.

<sup>124</sup> For an assessment of Esping-Andersen’s typology, see Wil Arts and John Gelissen (2002), Three worlds of welfare capitalism or more?, *Journal of European social policy*, Vol. 12 (2), p. 137-158.

public sector that escapes the logic of the valorisation of capital. But its fragility lies in the fact that it introduces the mediation of need to valorise work. The value attributed to work, for example that of health carers or retirees, will be set in the framework of a health need or the need of the elderly to have a decent life. Everything thus depends on the definition of the needs associated with citizenship. This definition is usually more encompassing for needs that have been defined during times of intense popular pressure, but its long-term survival requires that meeting the needs will mobilise occupational categories with political clout, or the consumption of products that are backed by intense lobbying. These paths to the valorisation of work have a low anti-capitalist impact: in the end, the definition of needs associated with citizenship will be vulnerable to capitalist pressure to limit public service to target populations, and this regime will then be transformed into the tutelary allowance.

Establishing an explicit link between taxation and work valorised in the name of a need (the need for health and the work of health carers, or the need for an adequate standard of living and retirees' work) implies that taxation is seen as creating the money necessary to the valorisation of the work produced by public service agents and beneficiaries. Overcoming the monetary constraint introduced by this resource regime thus implies that the recognition of this work is the starting point for defining the needs associated with citizenship, and not the reverse. This is impossible as long as the money fetish prevails: to present value as a given from which a part will be deducted to finance needs that public service is expected to meet, prevents the decision on the monetary creation required to valorise the work of this regime's agents and beneficiaries. What is at stake here is the citizen's political capacity to create money through taxation.

The socialised wage is also in conflict with the capitalist resource regimes. It provides qualification-based direct wages, wage-related social contributions and the benefits these finance without recourse to savings, and was thus constructed in opposition to the wage's corporatist logic (trend towards the universality of the rules determining the wage), and its deferment (explicit affirmation of the intra-temporal distribution of value, reduced contributivity, and political deliberations determining the scale); and in opposition to the tutelary allowance (grounded on the positive attribution of a qualification attached to the post or the person, solidarity between equals linked to the absence of an exchange of equivalents, generality of its non-redistributive financing, and non-targeted benefits), and finally, to the prefinanced wage and activity savings (concrete demonstration of the pointless and parasitical nature of financial accumulation and profit-making property rights). But the fragility of this resource regime lies in its vulnerability in the face of the corporatist wage and the deferred wage regimes.

It of course secures wage-earners' resources, whether they are employed or not (retired, unemployed, sick, in training, parents, or disabled), and if they are employed, whether in a capitalist enterprise or not. Thus, many of these wage-earners do not have a subordinated work activity. As for those who do, the majority are paid according to criteria based on their qualifications, length of service or occupational recognised work experience (*acquis professionnels*); which have relatively little to do with the measure of the subordinated work they are being subjected to. Here, the basis of the regime is indeed "wage rights" and not "labour law rights". But the mediation it uses to valorise work, namely an occupational qualification (*qualification professionnelle*), is loaded with corporatist specificities and pressures in favour of contributivity that undermine the universality of the regime for as long as the money fetish prevails. Instead of qualification being asserted for what it is, namely a convention (an agreement) valorising work, which is a political attribute in the sense that the collective agreement decides on the salary attributed to each post or rank, it is naturalised and associated with an intrinsic value of the individual who is seen as an owner of "labour power" or "human capital". The socialised wage can only be asserted as an anti-capitalist resource regime if the principle of qualification is explicitly presented as an instrument (and a brilliant one at that) used to create non-contributory money for valorising the work of the active and the inactive. Here again, what is at stake is the political power of the wage-earner to create money through the qualification grid and social contributions.

We thus have two symmetrical limitations that can only be lifted by democratising monetary creation. The public service regime will remain vulnerable to the tutelary allowance, and the socialised wage to the corporatist and deferred wages, unless the mediations of "need" or "qualification" used to valorise work are totally disconnected from the money fetish. Whereas both these regimes constitute a solid leap beyond the activity savings at the heart of capitalist subordination, their vulnerability lets these savings slip in through the back door, as can be seen today in the increasingly overt promotion of a second pillar of advance-funded compulsory resources<sup>125</sup> based on the slowing down of public service and socialised wage regimes.

This shows how very necessary liberation from the monetary religion will be for the continued affirmation of the anti-capitalism of public service and socialised wage. The secularisation of money is indispensable, in the face of a monetary religion with its temple, high priest, clergy and articles of faith: the bourgeoisie's response to the spokes

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<sup>125</sup> A recent example can be found in the conclusions of the European Council of 22 and 23 March, 2005, that argue in favour of a compulsory, funded second pillar because it "will clearly strengthen the long-term viability of public finances" (JOCE 7619/05).



these two anti-capitalist resource regimes put in its wheels is precisely the monetarist reaction that has been rife since the 1980s and that has been placed at the heart of the Europe of the euro and the Maastricht criteria. This reaction has made a sanctuary of monetary creation, declared the central bank exempt from any political control, taken away States' traditional capacity to create money, and invoked the struggle against inflation to curb the growth of taxation and social contributions in the GDP. This *sanctuarisation* has considerably increased the fetish made of money and savings, and it is illusory to imagine that it will be possible to promote public service and the socialised wage without first tackling this reaction. Monetary creation urgently needs to be democratised. We will illustrate this by the example of two hotly debated issues: changing the basis on which social contributions are assessed, and occupational social security.

It is easy to understand why proposals to replace the social contribution associated with the wage by a tax associated with other variables, such as income, added value or imports, are becoming more pressing. The growing share of valorised free work raises the question of whether wage agreements remain the relevant occasion for the creation of the corresponding money. The increasingly social nature of work, which has made the distinction between employment and non employment porous, provides the basis for the proposal of a guaranteed social income<sup>126</sup>. After all, it was for entirely pragmatic reasons that the financing of social protection was entrusted to social contributions<sup>127</sup>, and a more mature arrangement could be entrusted to a broader-based political deliberation than that provided by wage negotiations.

Let us suppose that the objection mentioned earlier has been overcome: to valorise the work of health carers or retirees, the mediation of need that public service uses to create taxes is not *a priori* more pertinent than the mediation of qualification used in the creation of social contributions. It will still be necessary to explicitly accept the fact that an increase in taxation anticipates the value that will be attributed to this work, to effectively increase this de-fetishised and secularised money, and to find the democratic procedures that will permit both collective decision-making and state regulation. Otherwise, the freeze on social contributions and the ground gained by taxation in the financing of social security will have the same regressive result as today: to replace the socialised wage or public service by the tutelary allowance or deferred wage, and confine

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<sup>126</sup> Carlo Vercellone (dir.), *Sommes-nous sortis du capitalisme industriel ?*, Paris, La Dispute, 2003, p. 271. The author bases his proposal for a guaranteed social income on the social nature of work.

<sup>127</sup> As it was shown in the case of France in Friot, B., (1998) *Puissances du salariat*, La Dispute.

them to a “first pillar” that leaves the place free for the activity savings of the second pillar.

The demand for an occupational social security or for career security arises out of the paradoxes of the deferred wage or bare benefit as well as the corporatist wage. Retirees’ widespread experience of happiness in being paid for their free work, and the growing distrust of subordinated work – not only among struggling youth, but also executives disconcerted by the erring ways of financial valorisation, and more generally, an active population confronted with the destabilization of their careers - prompts the search for a way to attribute to the individual person the qualification now linked to the post<sup>128</sup>. In this way, occupational mobility would be compatible with the progression of the wage, which will have to be even more socialised since, ultimately, it will be maintained between two jobs. This professional mobility will have been made possible by overcoming corporatist barriers, and employees’ constant mobilisation over their right to a career, by a systematic institutional extension of their field of possibilities at each transition<sup>129</sup>.

But these perspectives on wage rights cannot be evoked without insisting on the parallel necessity for a democratisation of monetary creation. Let us take the situation of civil servants, whose qualification is attached to the person via their rank. Leaving aside the blockages inherent in any corporatist wage logic, mobility is thus possible without employees having to start at zero each time they change jobs because they conserve the rights linked to their rank. The enormous progress that this kind of career security constitutes makes its limits all the more visible and unbearable. For the employer-State maintains control over the ranks. Of course, there can be no redundancies, but the bottleneck represented by this control singularly limits the possibility of making a career, that is of passing from one rank to another (progression of the qualification) and from one activity to another (occupational mobility). But occupational security only makes sense if it serves the freedom of career. To obtain the security of a life-long wage is a first, and necessary, step on the way to gaining the right to a career. It reveals the next necessity: democratic control over qualifications. For since it is the qualification of the individuals (and no longer of the post they randomly hold) that will earn the wage, the issues at stake around the job will be transferred to qualification. As in the current civil service, the monetary constraint will reappear in the rationing of qualifications. The democratisation of monetary creation is thus, here too, a decisive issue that begins with

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<sup>128</sup> See Alain Supiot on “l’état professionnel” attached to the individual and guaranteed by the State, in the same way as “civil status (*état civil*)”, and François Gaudu on “the status of the active”.

<sup>129</sup> Bernard Gazier, *Tous “sublimes”, vers un nouveau plein emploi*, Paris, Flammarion, 2003. See also the pioneering work of José Rose (1996), *L’organisation des transitions professionnelles entre socialisation, mobilisation et recomposition des rapports de travail et d’emploi*, *Sociologie du Travail*, n° 1/96, p. 63-79.

the secularisation of money: the explicit affirmation that the definition of a qualification, and the salary (and thus the money) that goes with it, is the attribution of a value to work and not the acknowledgement of a value that work is assumed to have created. If value is the result and not the cause of qualification, then its limits are political: the money of the direct wages and social contributions corresponding to the qualifications attributed to individuals must be created by a democratic decision-making process.

#### **2.4. Social rights and democracy at EU level <sup>130</sup>**

The analysis developed in our two fields of research, in particular as regards actors and their discourse, entails a more in-depth approach to European level politics. We will take the example of the retirement pension, for it is no doubt more eloquent since it has the advantage of a unified definition: The development of the argumentation for pension reform within the EU is based on a set of assumptions that have been so thoroughly integrated into the collective representations disseminated by the public authorities (national and European) that they are seen and present themselves as objective facts about the functioning of economies and societies.

However, the analysis shows a convergence of the different reforms that have been implemented: an articulation between public finance reforms, labour market reforms, and reforms of social security and wage systems; this leads to a radical revision of the entire range of political relations concerning power over collective resources; the role of political authorities as sovereign public actor has been weakened; this decline includes the reduced monetary sovereignty of governments to determine the value (and thus the social meaning) to be attributed to collective resources; it destabilises the meaning and the nature of systems of rights to resources gained through more than two centuries of painful social history, since the beginning of industrialisation. We are thus seeing the implementation of a political programme that drastically changes the political meaning of societies, and not a mere "common sense" management of the economy.

A "*desocialisation*" of the institutions that give meaning to the collective resources produced by labour is taking place. Desocialisation, for the spaces of collective decision-making and the institutions of the public authorities are seeing a narrowing of their role and their mission – which are to produce and organise social relations outside of the valorisation of profit-making property. The socialised wage and public insurance models represented a far superior degree of quality in terms of the invention, renewal, improvement and consolidation of democracy than the models of actives' savings and the

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<sup>130</sup> The following discussion is the fruit of the specific work of GRAID, the Belgian partner of the RESORE project, and has been written by Corinne Gobin.

tutulary allowance. If it is considered that a society flourishes through the collective and continual invention of the political community in the Aristotelian sense, the nature of the basis for rights to resources is a crucial element for interpreting past and present orientations. The universal basis - "citizen rights" in the case of the public insurance regime, and "labour rights" in the socialised wage - has been disrupted. The emerging regimes are based on individualised attributes, "profit-making property rights" in the case of actives' savings, and "rights to assistance for the working poor" in the case of the tutulary allowance. The first two regimes disseminate a political vision valorising the democratic ideal: every adult, citizen and/or worker, enjoys the same recognition and the same political legitimacy. The latter two favour a social reconstruction marked by an unequal relationship in the attribution and redistribution of resources between those who hold property titles and those who are defined by their lack of occupational qualification or availability for employment.

Public insurance and the socialised wage<sup>131</sup> have already proven their worth in terms of social well-being; they have greatly contributed to its improvement since 1945, and the increase in life expectancy is partly a consequence of this. The emerging resource regimes are problematic in that they are based on assumptions – such as the myth of the shortage of resources – that tend to rehabilitate pre-scientific modes of reasoning. Only a non-scientific belief in capital's self-capacity to generate wealth can lead to presenting the advanced funding of pension schemes (promoted by the actives' savings regime) as more apt to secure the financing of pension rights than a pay-as-you-go system.

Furthermore, the likely scenario of the reorientation of public PAYG systems towards provision of a minimum survival pension designed to combat poverty cannot produce a new, complementary model providing a balance between PAYG and advanced funding; PAYG takes on a different meaning once it is removed from a general public system for the distribution of resources that produces social equality; the latter confers a universal right to an income capable of ensuring well-being and not mere survival.

It is the very future of the notion of democracy that is at stake. In 2004, a multiplicity of social forces unequivocally interpreted things in this way in the referendum on the proposed constitutional treaty. By their refusal to approve the proposal they also signified their rejection of the political orientations of the social system reforms under way with the implementation of the Economic and Monetary Union. It can never be repeated enough that many of those who opposed the treaty aspire to a political programme for European integration (and not simply national development) that secures political models

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<sup>131</sup> These two regimes historically mark post-1945 economic and social reconstruction.

founded on the rights of people (regimes based on labour rights and citizen rights) and not on the rights of things (competition law and profit-making property rights). The refusal to hear this political message exacerbates social conflicts and widens the gulf between the political authorities and a part of the population, something that no democrat can wish for.

We see this as having three consequences:

- a) The EU should be directed towards a political programme to consolidate social systems in Europe that would combine:
  - a universal guarantee for all adults to a permanent income able to provide permanent access to social well-being;
  - the opening up of possibilities, on a voluntary basis, of a greater occupational mobility during the entire professional life course; and
  - generalised and significant collective reduction of working time, in order to balance the relation between the different social times, the time allocated to productive action having a dangerous tendency to overdevelopment (and the current directive proposal on working time (COM (2005) 246 final) unfortunately stimulates this trend).
- b) Union organisations, whose current involvement in collective decision-making on EU economic and monetary guideline is insufficient, should participate in this programme. The current dialogue is social and not economic and political. A major debate in the European Parliament would be necessary. For this, it is necessary to more actively promote (and not by reducing the budgets allocated to research) ongoing, open scientific debates on the question of the future of social systems.
- c) This social reorganisation would consecrate a new democratic social contract between European political authorities and citizens; its fundamental political goal would be the rapid (within 3 years) widening of the scope of the EU's political responsibility to legislate on pay; European-level thresholds for a universal guaranteed income (for the wage, retirement pension, unemployment and incapacity benefits, survival income and pension) able to guarantee permanent access to social well-being and calculated on a unified standard of measure<sup>132</sup>

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<sup>132</sup> For example, an identical percentage of national GDPs per inhabitant.

for the 25 member states; this would be an unequivocal affirmation of the European character of this programme to strengthen social democracy.

The current trend towards an increase in the legal retirement age decided in some member states (following the German proposal), and supported by the OECD<sup>133</sup>, cannot be pursued: the consultation following on the Green Paper **“Confronting demographic change: a new solidarity between the generations”** (COM (2005) 94 final) must provide the occasion for a wide debate on the topic over several years, organised at all the political levels of the EU (EU, Member States, Regions) and in all the public spaces for collective decision-making by representative actors (members of parliament, union and employers’ organisations), after the organization of extensive political consultations of all the populations. Within this framework, the recognition of the European Federation of Pensioners and Elderly People (FERPA) as a key representative actor in European-level consultations on the topics of retirement and ageing is indispensable. A White Paper providing policy proposals on this subject is premature.

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<sup>133</sup> OECD Press Conference, Paris, 10 October 2005.

## V. DISSEMINATION AND EXPLOITATION OF RESULTS

Three future publications and the project of a European institute

### 1. Main collective dissemination actions during the project course

All dissemination actions having taken place during the project course are listed in annexe of the present report. In the table below are only listed the three actions involving most part of the RESORE researchers<sup>134</sup>.

Type of action	Title	Partners involved	Date
Collective book	Wage and Welfare. New Perspectives on Employment and Social Rights in Europe	Fr, It, Sp, The UK, the NI, Be, Au.	January 2004
Conference	Employees' Resources and Social Rights	All under the responsibility of the coordination in cooperation with EC (DGResearch)	May 2005
Website	RESORE	Fr (coordination and management) with all	2003-2007

It is worth mentioning that among the RESORE young researchers, two Ph.D theses dealing with the RESORE line of enquiry have been achieved during the project course. Four additional theses are to be concluded in the next two years.

In the next future, the members of the network planned to publish three books: the first two works will propose a further analysis of the results and research perspectives, with each drawing on one of the theoretical approaches developed; the third will use the resource regime approach to examine the French case from a European perspective.

### 2. Rights over Resources. The transformation of the wage in contemporary European capitalism

Throughout Europe major changes are occurring to a pivotal institution in political economies: the wage and associated rights over resources. The wage is a central channel through which resources flow, both market (purchasing power) and non-market (taxation, social insurance, pension contributions, etc.) The vision of the book

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<sup>134</sup> In the French coordinating team, Virginie Vathelet was in charge of the conference organisation, and Frédérique Bey is our webmastress; for an analysis of the website frequenting, see the French report in annexe.

distinctively questions and re-evaluates the wage as a central vehicle through which people acquire rights to commodity purchasing, welfare, education, and health (a wide range of societal resources). As participation in paid employment is historically conditioned by gender, migration, ethnicity, rights over these societal resources that flow through, and are conditional upon, the wage are unequal and differentiated. This perspective thus views the wage as a much broader social organisation of exchange than a narrow market-commodity one. Based on the collaborative research of teams from France, Germany, Portugal, Italy, Spain, The Netherlands, and the United Kingdom, the central argument of the book is that new tensions and contradictions are destabilising the wage in diverse ways in these countries as it developed in the post-war period.

Chapter outline: (1) Rights over resources; (2) The wage as an institution; (3) The gendering and differentiation of rights; (4) The historical structuring of the life-course; (5) Dimensions of contrast and comparison across Europe; (6). European and state policy responses to the wage-employment crisis; (7) Re-interpreting pension crises across Europe; (8) Re-shaping labour markets; (9) The transformation of political actors and the role of the state; (10) New and emergent contradictions of European capitalisms; (11) New rights for new circumstances?. The book ends by addressing the challenges and questions arising from the analysis.

This is a preliminary proposal; the authors responsible for the editorial work are from the following partner's teams: The U.K., The Netherlands, France, Spain and Austria. The editors are Robert Maier et Nathalie Moncel, under the direction of Mark Harvey. Preliminary versions of the different chapters are currently in preparation. Publication is scheduled for the end of 2006.

### **3. Towards a theory of the dynamic of the wage**

This book will draw on the resource regime analysis developed during the RESORE project. It will permit to understand the ways in which European orientations apply a common discourse and common general trends to the fields of employment and social protection, and how the similar developments taking place in different countries follow specific national paths. A typology of resources applied to pension reforms and subsidised wages will permit to provide a reading of current changes in the status of workers and to explain historically constructed national configurations of actors. In addition to the discussion of the results produced, this work is envisaged as part of an institutional process leading to the establishment of the European Institute of the *Salariat*. The book will present the premises of a theory of the dynamic of the wage and the institutions of the *salariat*, and this theory will be applied to an interpretation of transformations of



resources and social rights in selected European countries (Italy, Spain, Portugal, Germany, France, Austria, the Netherlands and the U.K.).

Chapter outline: (1): Conditions of production, and the objectives and limitations of the proposed theoretical approach; methodological approach to empirical data used in the fields of pension reforms and subsidised wages; (2) Work, Wage and Money; (3) The formation of cognitive frameworks, actors and discourses; (4) Community institutions in the face of the *salariat* and its institutions; (5) Subsidising the wage: employment *in exchange for* resources; (6) Pension reforms; (7) Resources and levels of collective bargaining; (8) Dialogue between disciplines, and on the relationship between science and politics; problems of international comparison; (9) Research perspectives and implications for the political sphere. This is a preliminary proposal, and the authors responsible for the editorial work are yet to be determined. Publication is planned for 2007.

#### **4. A different history of the salariat: A resource regime reading of changes in employment and social rights in France**

This collective project has two objectives: to further develop the analytical framework of resource regimes proposed by Bernard Friot as part of the RESORE project; and, via a focus on the different dimensions of employment and social protection, to apply this framework to France, putting the French case in perspective with what is happening in other European countries within the framework of the construction of Europe. The construction of the book, as proposed in June 2005, will be based on input from three seminars:

- Discussion of the various proposals for contributions.
- Discussion of the theoretical chapter presenting resource regimes.
- Discussion of revised versions of the different papers with a view to developing the final proposal.

The preliminary proposals for contributions are as follows:

- Resource regimes: a different approach to employment and social protection (to be written collectively).
- 50 years of history of the salariat in France: resource regime dialectics (B. Friot).
- A history of rights to resources for the unemployed: tutelary benefit, socialised wage and deferred wage (J. P. Higélé).

- Employment policies in France as a vehicle for the «tutelarisation» of resources (J. P. Higelé et A. Khristova).
- Industrial relations and resource regimes (B. Clasquin).
- The RMA under the control of the *département*: an expression of changes in political decision-making via the tutelary benefit regime (M. Schirman).
- Pensions in France from the perspective of European integration (G. Coron).
- Transformations of complementary social protection under the influence of European directives: provident institutions and mutual benefit organizations (G. Coron et L. Poinsart).
- Pensions: official discourse of unions and employers (1983-2005) (N. Castel).
- Which wage in union discourse? (C. Jakse)

This project is organised by the French team of the RESORE network, with the contribution of two additional researchers interested in the topic and the theoretical approach. The authors are: N. Castel, B. Clasquin, G. Coron, B. Friot, C. Jakse, A. Khristova, L. Poinsart, M. Schirman, Publication is scheduled for the end of 2007.

## **5. Development of a the European Institute of the Salarial**

The institutions of the *salarial* were built on a national scale (wage determination according to occupational qualification, collective bargaining, social protection, Trade Unions, ...). Further developments of theoretical perspectives are needed in order to foster their 'Europeanisation'. Analytical categories are to be debated and discussed with several kind of public: unionists, social security funds managers, elected political representatives and civil servants in charge of the preparation of social policies. The main objective for this Institute is to promote a theoretical production in this field and to disseminate it through various activities: publications, academic training and unionists' training. A first meeting will be held in Brussels next March, involving RESORE colleagues.

European Commission

**EUR 23313 — EU RESEARCH ON SOCIAL SCIENCES AND HUMANITIES — Employees’  
Resources and Social Rights in Europe - RESORE**

Luxembourg: Office for Official Publications of the European Communities

2007 — 150 pp. — 21,0 x 29,7 cm

ISBN 978-92-79-08220-7



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